MANITOBA PRODUCT STEWARDSHIP CORPORATION

Annual Report

APRIL 1, 2000 TO MARCH 31, 2001

To Do List:
✓ Create 2001-2004 Business Plan
✓ Increase Recovery of Materials
✓ Expand Recycling Opportunities
✓ Increase School Participation
✓ Supply Promotion + Education Materials
✓ Increase Technical Services to Municipalities
✓ Increase Communication

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This year marks the end of the MPSC's second three-year Business Plan. We have now been operating for a significant period of time. The start-up phase is clearly over. MPSC is a fixture on the landscape. Manitobans have enthusiastically embraced recycling.

The corporation is, of course, only an enabling mechanism -- a means to assist local governments to deliver recycling programs. During the past year the corporation, in partnership with the Association of Manitoba Municipalities, undertook a major survey of its local government clients. We received several interesting messages from this exercise.

It was gratifying to learn that there was a high degree of satisfaction with and support for MPSC's programs. It was also clear that we should not be complacent. There are a few areas where recycling continues to struggle. The survey demonstrated that there is a wide variety of programs out there, a tremendous range of capacities to deliver programming, and a wide range of understanding about MPSC and what it can and cannot offer.

This leads to the conclusion that we should not be relying on a "one-size-fits-all" approach. Some local governments are very well equipped to design and manage a full service recycling program, while others are not. For the latter, MPSC can and should provide advice as well as the normal financial support. In fact I believe the survey demonstrated that our efforts to work closely with some of the smaller or more remote local governments is paying dividends. For example, recycling in the North is now on a firmer footing than it was just a year ago. For a variety of reasons, program costs are not equal everywhere in the province. Some of these disparities can be narrowed through increasing efficiency, but other factors, such as distance from material markets and lack of a critical mass of recycled materials because of a low population base, cannot be eliminated. Our system has to account for these disparities.

This past year saw some exciting developments in the City of Winnipeg. The City has mapped a very aggressive course for itself in recycling over the next few years, targeting a substantial increase in tonnes recycled. Multi-family dwellings are to be part of this program. This is exciting news, but also will present MPSC with a challenge. Up to now, the corporation has had the luxury of a comfortable reserve. If the City is successful in its efforts, this reserve will disappear entirely over the life of our next three-year Business Plan. Since MPSC is prohibited from accumulating a deficit, this will necessitate examining options to ensure that this does not occur. Success is not without its problems. We will be developing these options over the coming year.

Without the hard work and dedication of our staff, the progress we have been able to make each year would not be possible. Thank you. And without a strong board of stakeholders, the corporation's direction would have suffered. My thanks to them as well.

Norman B. Brandson
Chair

There Is News...And the News Is Good!

March 31, 2001, marked the end of the sixth year for the Manitoba Product Stewardship Corporation (MPSC). We have had an outstanding year that is demonstrated by an informative and interesting Annual Report. In March 2000, we established a "to do" list for the 2000/2001 fiscal year.

To do list:

Increase Recovery of Designated Materials
Expand Recycling Opportunities
Increase School Participation in MPSC Youth and School Programs
Design and Supply Promotion and Education Materials
Provide Increased Technical Services to Municipalities and Other Stakeholders
Increase Communication with All Stakeholders
Continually Refine Efficient Collection of WRAP Levies
Strategically Partner with Various Organizations
Manage Financial Resources Effectively
Create 2001-2004 Business Plan

The recovery of designated materials increased by 10% during this fiscal year. We recommended to the MPSC Board that we increase the old corrugate cardboard (OCC) cap from 10% to 25%. Some municipalities took advantage of the option and that accounted for some, but not all of the growth. Community recycling programs continue to mature and increase recovery. Winnipeg's recovery increased for the first time since 1997/1998, due in large part to the highly promoted, discussed and debated user-pay garbage proposal. With the long awaited expansion to a comprehensive multi-family recycling program, we expect the increase in recovery trend to continue.

Participating in MPSC programs is voluntary. To date, more than 90% of the population has access to recycling. We have added 7 new communities and through our technical support have assisted many communities to expand existing programs. MPSC has begun to partner with other stewardship organizations to further penetrate into remote communities.

MPSC is continually interested in programs targeting our next generations of recyclers. In fiscal 2000/2001, 69 additional schools registered to participate in the STAR program, an increase of 11%. A redesign of www.virtualrecycling.com and the introduction of the STAR newsletter improved MPSC's communication with schools. A partnership with children's entertainer Al Simmons, another with Resource Conservation Manitoba's Environmental Speakers Bureau, and sponsorship and technical support of Manitoba Envirothon enhance MPSC's school programs.

One of the recommendations MPSC staff made to our Board of Directors was to offer to produce custom designed promotion and education materials for municipal recycling programs. MPSC has always offered templates for the production of P&E materials, but found time and lack of expertise limited the usage. Over 100 municipalities took advantage of the inserts, decals and magnets.

Aside from Municipal Recycling Support Payments, MPSC provides a myriad of support to municipalities, recyclers, the ICI sector, festivals and schools. We host regional meetings and annual workshops. Our technical support for municipalities is a one-stop shop including waste composition analysis, information on marketing of recyclables, revenue monitoring, measuring landfill avoidance, providing promotion and education assistance and advice on best practices. On-site visits throughout the province are commonplace. We have assisted companies in the ICI sector to review waste practices and demonstrate that recycling doesn't have to cost and in some cases actually pays. We have advised festivals on waste management recycling and green procurement. Schools have tapped into our technical services at both the K-Sr.4 and post-secondary levels.

Communication has been critical to the success of MPSC and the programs we administer. We use newsletters, special reports, workshops and meetings and our websites to communicate with wide-ranging and varied stakeholders. We are issuing more frequent media releases and communicating directly with decision-makers. We will continue strategic province-wide promotion and education campaigns reporting on and encouraging participation and growth.

Ongoing reviews of our procedures analyze opportunities to streamline reporting for product stewards, while not losing the integrity and confidentiality that is a critical part of the process.

MPSC has partnered with various organizations, both to promote recycling/waste reduction messaging and to gather data that allows for educated decision making. Our level of partnering is dependent on financial resources available.

- Resource Conservation Manitoba
- Fort Whyte Centre
- Take Pride Winnipeg
- Festival du Voyageur
- Association of Manitoba Municipalities
- Winnipeg Folk Festival
- Al Simmons
- Manitoba Municipal Administrators Association
- Green Procurement Network
- City of Winnipeg
- Manitoba Envirothon
- MOPIA
- MARRC
- Tire Stewardship Board
- ICI Reporting

There has been much discussion about the reserve funds held by MPSC. While a reserve had been projected at inception in 1995, it grew larger than anticipated. However, as projected, starting in 2000/2001 fiscal year, the reserve fund is being drawn down to cover operating deficits. This year's operating deficit were a result of:

1. A 10% increase in recovery of designated materials- 80% of levy income goes directly to support municipal recycling programs
2. PST revenue from WRAP levies is no longer remitted to MPSC
3. An 11% increase in schools participating in the STAR Program
4. Production of custom-made promotion and education materials for community recycling programs

As recovery rises, MPSC has ensured dollars are available to support increased recovery of designated materials. As an example, MPSC has committed considerable financial resources to keeping positive messages in front of the public. As programs have matured and the acceptance of recycling gained momentum, resources spent on corporate promotion and education have been redirected to ensure stability of recovery programs. Since 1998/1999 MPSC has reduced spending on corporate P&E activities by more than 50%.

MPSC's steadfast commitment to our mandate and accumulated reserve will ensure that as recovery continues to rise and programs expand, there are adequate resources to cover further short term annualized losses.

The reserve held by MPSC will ensure financial viability as expanded stewardship is investigated and the funding formula is reviewed for fairness and equity.

From September through January our priority was to consult on and produce a three-year business plan. Our usual work did not cease and it was a pretty hectic time. The plan, "Evolving the MPSC Model" 2001-2004 is our vision for the next three years. We identified challenges that we face and articulated our plan for dealing with them. While the plan is not perfect, we have in some fashion

addressed virtually every concern and interest raised through the consultation process. Based on what we control, it's our best idea on how to move ahead. The draft Business Plan was forwarded to the Minister of Conservation for approval on February 1, 2001. Approval was received on June 8, 2001.

We have seen increases in recovery in all parts of the province including urban, rural and northern locations. We have recovered 45% of eligible materials, and we will continue to increase eligible materials. We have more schools involved in the STAR program. Manitobans are recycling more than ever before. MPSC programs are cost-effective and we have managed our financial resources well. Our need to hold a financial reserve has become self-evident.

On a national basis, when it comes to recycling packaging and fibre materials, Manitoba does not have to take a back seat to anyone. MPSC continues to be the only program that offers 80% funding for local municipal recycling programs. Some other provinces continue to struggle to move past single stream recovery programs.

MPSC is well positioned and eager to be the facilitators of expanded stewardship discussions, either through regulation or voluntary measures.

The support of the MPSC Board and the outstanding work of the corporate staff make it possible to continue moving forward. While much work needs to be done for MPSC to achieve its full potential as part of the solution to Manitoba's waste reduction targets, we mustn't and shouldn't lose sight of our many successes to date.

A major focus for the 2001/2002 fiscal year will be a review of the MPSC funding formula. MPSC Municipal Recycling Support Payments were developed as an 80%-20% funding split, with MPSC contributing 80% and municipalities contributing 20%. We know that currently some municipalities profit from their recycling programs while others contribute more than 20% of the cost. The goal is to revise the municipal payment categories to ensure a more fairly distributed and sustainable approach. We will make recommendations to the MPSC Board of Directors in February and March, 2002, with implementation set for April 1, 2002.

Jim Fogg
General Manager

Increase Recovery of Designated Materials

It was another highly successful year for community recycling programs right across Manitoba. Congratulations to everyone involved – from the residents who continue to embrace their local recycling programs to the people who make sure the materials are collected and recycled!

The charts throughout this annual report illustrate the continued steady growth of the MPSC system, but here are a few key highlights from another successful year:

- Recovery of designated materials has increased 10%.
- Seven new communities were added to the list of participants. There are now 173 Manitoba communities registered with the MPSC, including 82% of the province's municipal corporations and seven local governments. Approximately 1,023,000 million Manitobans (92% of total populace) now have access to recycling services in their community.
- About $5.2 million dollars in direct financial support was provided to municipal recycling programs.
- The sale of recyclable materials generated approximately $6 million in revenue back into the province's communities.

In addition to these direct environmental and economic benefits, a host of other intangible benefits and spin-offs were realized as a result of the MPSC and the community recycling programs it supports. Some of these benefits included supporting local jobs, fundraising opportunities for community programs (see "Hamiota Recycling Makes Donations"), avoided landfill costs and a growth in recycling markets looking for recovered materials from Manitoba. Not bad for a program that currently costs Manitobans only about $5 per person per year.

The large increase in recovery made this past year was due in no small part to some of the initiatives implemented by the MPSC. These included the funding of a larger proportion of OCC (old corrugated cardboard), the provision of tailor-made public education materials and the increase in technical support provided through regional meetings and community visits. The renewed interest in waste management in the City of Winnipeg also helped increase recovery. The extensive public debate that took place proved that promotion and advertising, be it positive or negative, can help increase participation in local recycling programs.

So we end the 1998-2001 Business Plan cycle on a tremendously positive note and we can all take a moment to bask in a job well done. However, there is still work to be done. As outlined in our 2001-2004 business plan, the MPSC system is quickly approaching a crossroads and Manitobans and their leaders from all sectors must now review the direction that they would like the MPSC to take.

Looking ahead, I can say with confidence that the MPSC system is the best deal for municipalities providing local recycling services. Nowhere else in the world do all municipalities within a jurisdiction have up to 80% of the cost of recycling a wide range of packaging and printed materials covered, while retaining the level of local autonomy that MPSC provides. The system continues to work to bring cost-effective and environmentally sound recycling opportunities to Manitoba's dispersed and diverse populace. But recycling in Manitoba is a voluntary and dynamic industry. Success and failure are opposing sides of a razor-thin edge and the success of the past can quickly be erased without continued effort by all.

Michael Fernandes
Senior Manager, Municipal Programs

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The following excerpt is reprinted from the *Hamiota Echo*, March 24, 2001.

Hamiota Recycling Makes Donations

Hamiota and District Recycling reports another good year, shipping out 48,435 kilograms. Recycling totals shipped out were up over 4,000 kilograms from 1999, even without shipping any glass in 2000. A load of glass is ready to go as soon as arrangements can be made. Over 28,000 kg of newspapers and magazines came into the depot in one year!

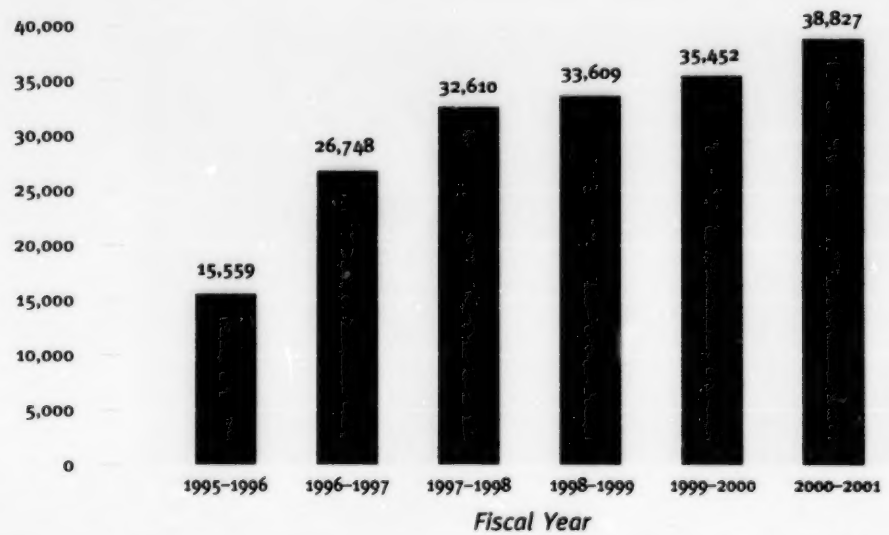
With the exception of glass, all of the recyclables go to Westman Recycling in Brandon. Prices paid for aluminum cans, plastic drink bottles and milk jugs have recently gone up. Monthly reports are sent to the Manitoba Product Stewardship Corporation to get back our share of the environmental levy charged on drink containers.

In 2000, we had the building re-sided, a fan installed and improvements were made to the barrel lifter. Last spring, we made a $500.00 donation to Communities in Bloom. At our year end meeting in February 2001, the group decided again to donate $500 to Communities in Bloom, $2,000.00 to the Hamiota Millennium Park, and up to $500.00 for sink fixtures in the room used for art classes at the Hamiota Collegiate. These upgrades and donations are all made possible because of the community involvement and volunteer labour.

Recovery of Eligible Materials

Overall recovery of MPSC-Eligible Materials increased by 3,375 metric tonnes last year (up 10%) over the previous fiscal year. Over the past six years, Manitobans have recycled over 182,000 metric tonnes of valuable resources through MPSC-funded municipal recycling programs.

Chart 1 — Recovery of Residential Materials in Tonnes



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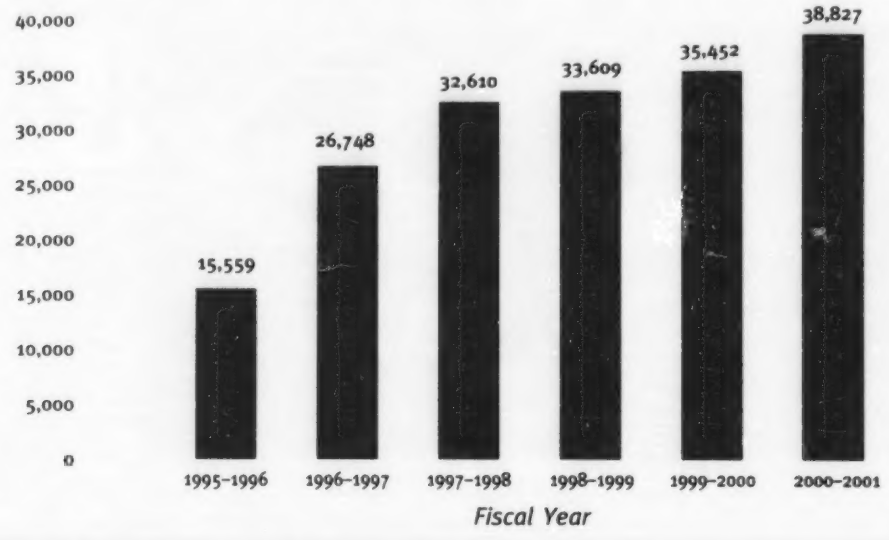
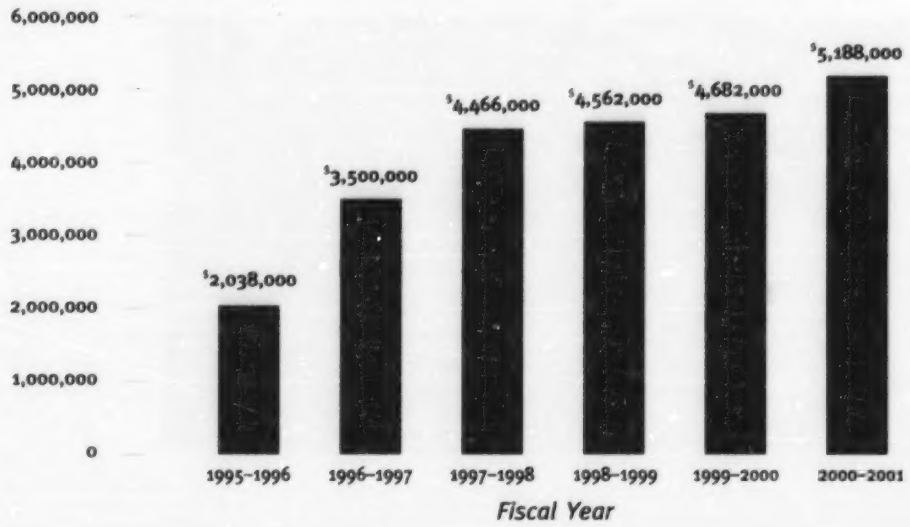


Municipal Recycling Support Payments

MPSC funds participating municipal recycling programs through an incentive-based system. Participating municipalities are paid a fixed rate for every metric tonne of eligible material recycled from their community. The increase in materials recycled last year corresponds to a direct increase in support payments provided to Manitoba municipalities. MPSC municipal recycling support payments increased by over $500,000 over the previous fiscal year. Since 1995 participating municipalities have received almost $25 million dollars to offset their recycling program costs.

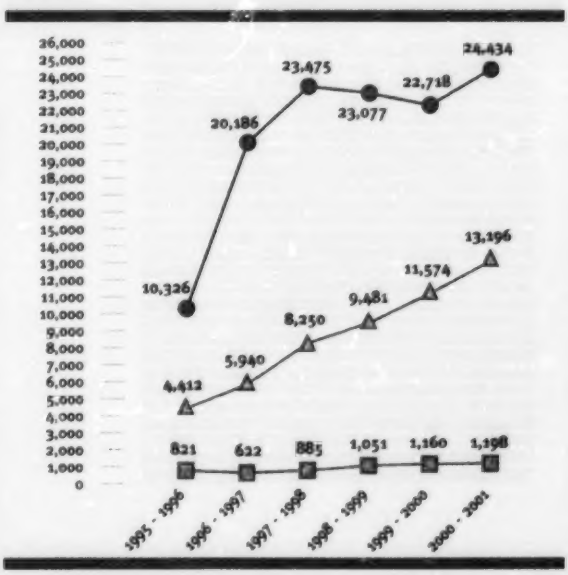
Chart 2 — Municipal Recycling Support Payments



Recycling Trends in Participating Municipalities

For the first time since 1997, recovery increased both inside and outside of the City of Winnipeg. Recovery outside of Winnipeg and Brandon continued its steady pace upwards – increasing by 14%. In the City of Brandon, Manitoba's second largest municipality, recovery increased by 3%. In a year in which extensive public attention was given to recycling and waste management financing in the City of Winnipeg, recycling increased by almost 8% - a good illustration of how promotion and advertising play an important role in recycling program success.

Chart 3 — Residential Recycling Trends

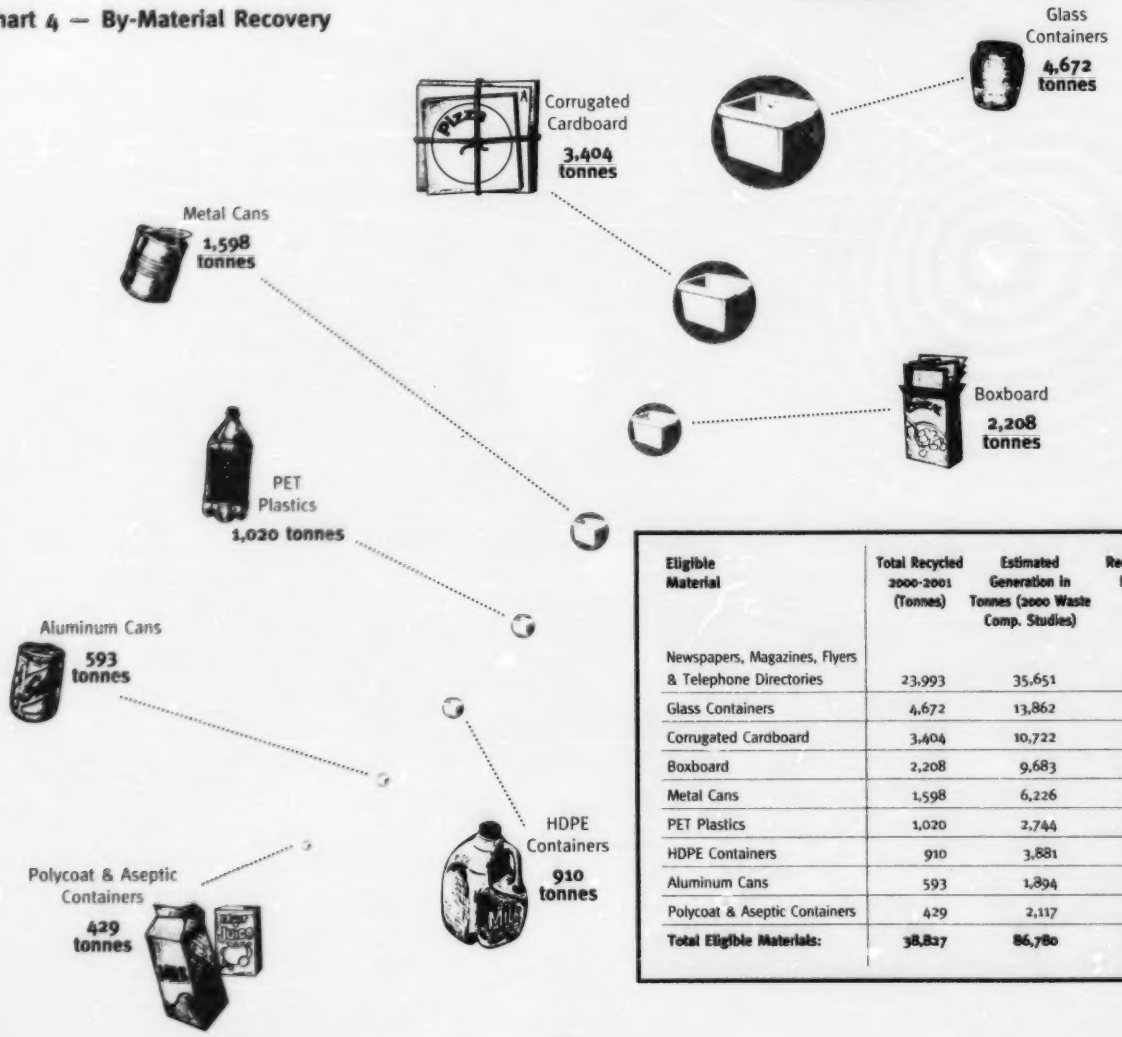


By-Material Recovery of Eligible Materials (Residential)

On average, Manitobans recycled approximately 35 kilograms per person last year (38,827,000 kgs/1,113,898 population) from their homes. Based on estimated generation numbers gathered through the 2000 Rural Manitoba and City of Winnipeg Residential Waste Composition Studies, this is equivalent to a recovery rate of 45%. This is a substantial increase in just one year and puts us ahead of our projections outlined in the 2001-2004 Evolving the MPSC Business Plan.

It should be noted that the recovery of HDPE has decreased due to the fact that one community in Manitoba collected a substantial amount of coloured HDPE containers but did not recycle them to appropriate end use. Subsequently, MPSC did not provide support payments, nor were the materials counted in our recovery numbers.

Chart 4 — By-Material Recovery



Eligible Material	Total Recycled 2000-2001 (Tonnes)	Estimated Generation in Tonnes (2000 Waste Comp. Studies)	Recovery Rate
Newspapers, Magazines, Flyers & Telephone Directories	23,993	35,651	67%
Glass Containers	4,672	13,862	34%
Corrugated Cardboard	3,404	10,722	32%
Boxboard	2,208	9,683	23%
Metal Cans	1,598	6,226	26%
PET Plastics	1,020	2,744	37%
HDPE Containers	910	3,881	23%
Aluminum Cans	593	1,894	31%
Polycoat & Aseptic Containers	429	2,117	20%
Total Eligible Materials:	**38,827**	**86,780**	**45%**

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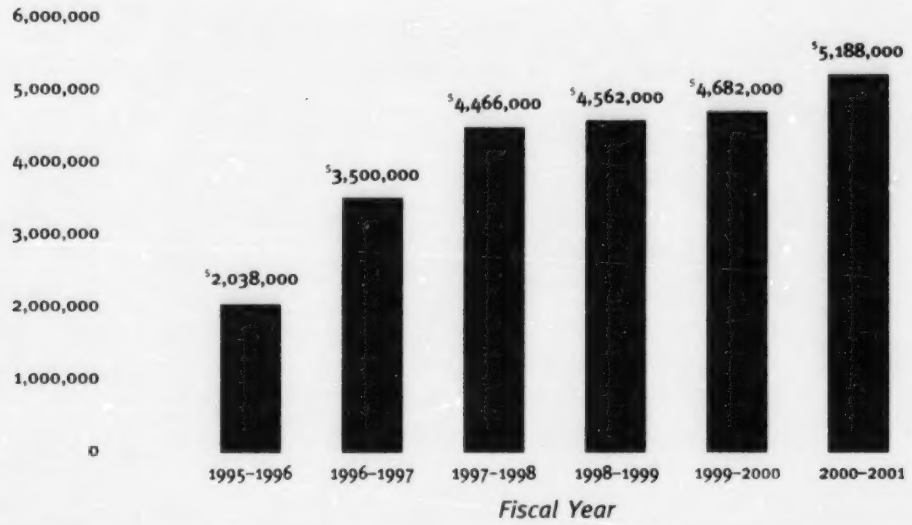

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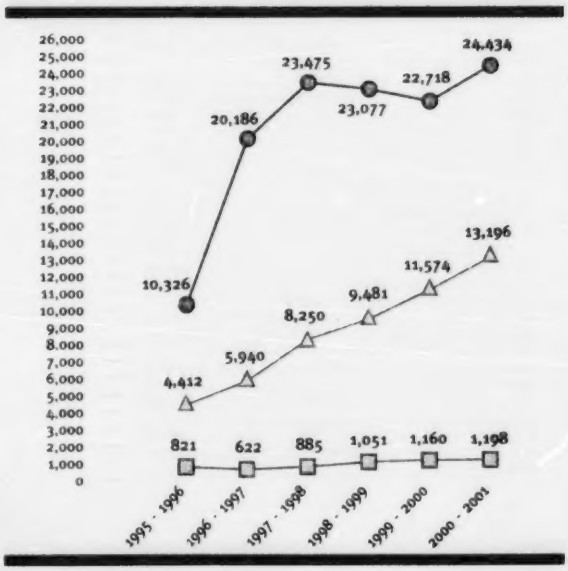

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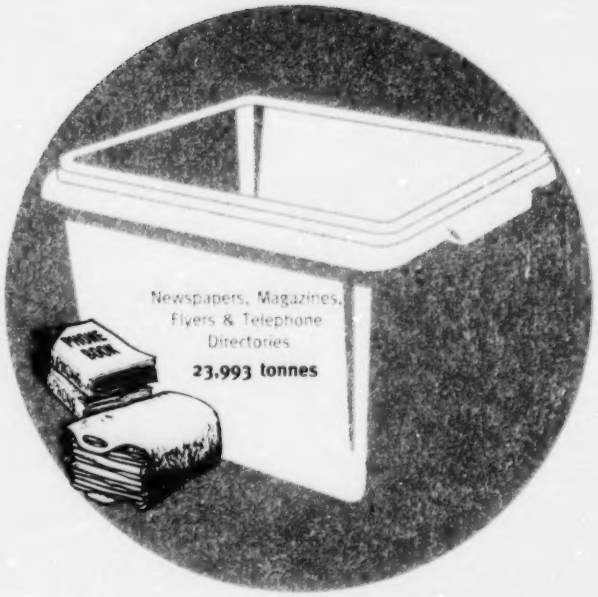

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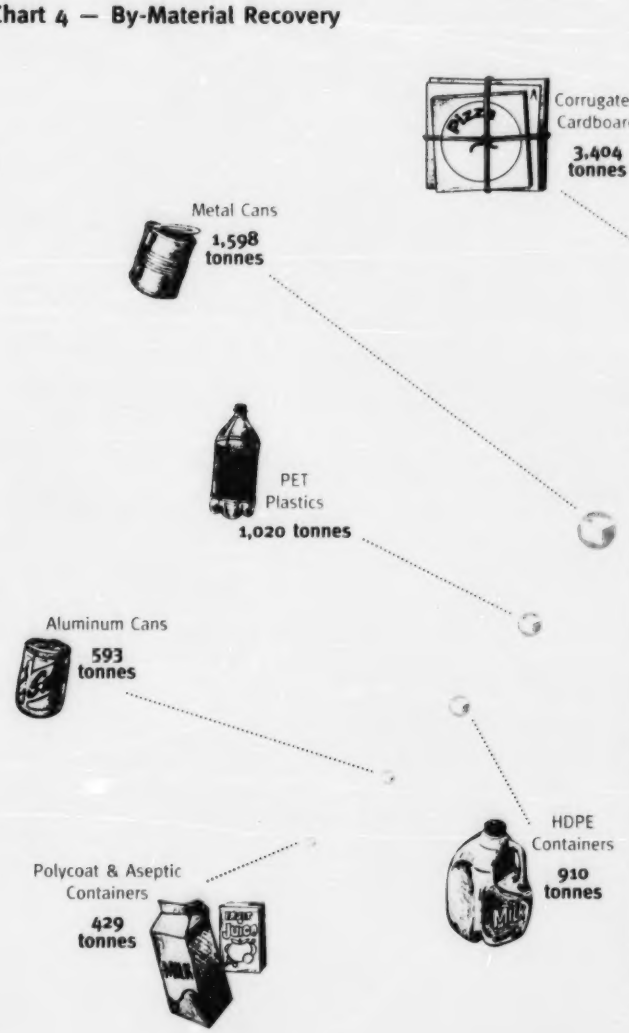

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Overall Recovery of Designated Materials in Manitoba

The MPSC municipal support payment system is based on a multi-material approach to maximizing the amount of material recovered from the municipal waste stream. The objective of the program is to capture as much "designated" recyclable materials as possible through the same system and infrastructure in order to maximize efficiency. This is especially important in Manitoba due to the large number of very small communities. The question often asked is, why not a deposit-return system for Manitoba's beverage containers instead? The chart below plots the maximum amount of beverage containers sold in Manitoba since 1995 against the amount recycled through MPSC's municipal funding system over the same time period.

As of March 31, 2001, Manitoba residents have recycled over 78,000 metric tonnes more packaging and printed materials than if the province had simply adopted a deposit-return system for beverage containers. The gap is expected to widen as recovery rates continue to increase in participating municipalities.

For Manitoba, MPSC's multi-material approach has resulted in higher recovery, lower cost and a sustainable foundation for further improvements in the province's waste reduction programs. The decision to implement a deposit system in Manitoba rests with provincial regulators (MPSC can administer either). Our only concern is that such a system could either decrease overall recovery in Manitoba, or add substantial cost with limited potential for making a difference in Manitoba's waste stream. After all, beverage containers amount to less than 2% of the province's waste stream overall.

The previous page outlines the amount of designated packaging and printed material recycled by MPSC-funded municipal recycling programs, but it does not show how much recycling activity is taking place overall in Manitoba. A great deal of recycling activity takes place outside of residential programs, including material which is recycled by Manitoba businesses, schools, consumers and organizations directly to recycling brokers as part of fundraising activities.

MPSC's Commercial Recycling Survey, conducted for the MPSC by Arthur Andersen, LLP, works with Manitoba's recycling sector to measure the amount of designated materials recycled outside of municipal recycling programs. (see p 24 for more information)

Looking Ahead to 2001-2002

The recently distributed Draft Business Plan 2001-2004 entitled "Evolving the MPSC Model" outlines the proposed direction of MPSC's municipal programs. Our priorities for the coming year are:

1. Increase the scope of the annual cost monitoring study to all participating municipalities. Representatives of the Association of Manitoba Municipalities (AMM) and Manitoba Municipal Administrators Association (MMAA) will be included on the review team to prepare recommendations to MPSC's Board regarding municipal funding rates for 2002.

2. The Board of the MPSC has voted to add #5 and #7 plastic containers as OPTIONAL materials eligible for MPSC funding. We will be revising the municipal reporting and information management framework to handle the change.

3. Continued effort will be made to developing the technical support services offered by the MPSC to participating municipalities.

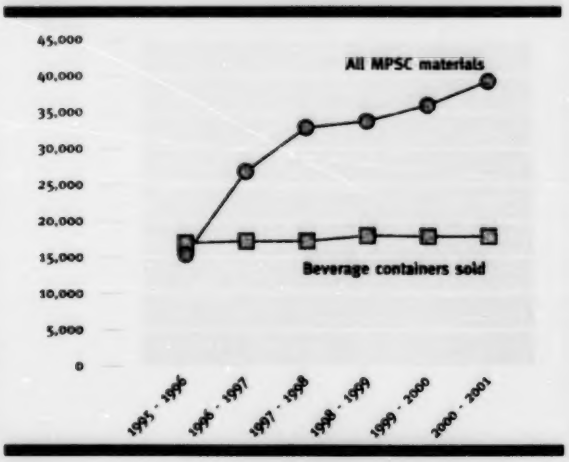


Chart 5 — Recovery of MPSC Eligible Materials & Beverage Containers Sold

Annual Recovery of MPSC-Eligible Materials (Tonnes) ●

Annual Beverage Container Sales (Tonnes) ■

Overall Recovery of Designated Materials in Manitoba

The MPSC municipal support payment system is based on a multi-material approach to maximizing the amount of material recovered from the municipal waste stream. The objective of the program is to capture as much "designated" recyclable materials as possible through the same system and infrastructure in order to maximize efficiency. This is especially important in Manitoba due to the large number of very small communities. The question often asked is, why not a deposit-return system for Manitoba's beverage containers instead? The chart below plots the maximum amount of beverage containers sold in Manitoba since 1995 against the amount recycled through MPSC's municipal funding system over the same time period.

As of March 31, 2001, Manitoba residents have recycled over 78,000 metric tonnes more packaging and printed materials than if the province had simply adopted a deposit-return system for beverage containers. The gap is expected to widen as recovery rates continue to increase in participating municipalities.

For Manitoba, MPSC's multi-material approach has resulted in higher recovery, lower cost and a sustainable foundation for further improvements in the province's waste reduction programs. The decision to implement a deposit system in Manitoba rests with provincial regulators (MPSC can administer either). Our only concern is that such a system could either decrease overall recovery in Manitoba, or add substantial cost with limited potential for making a difference in Manitoba's waste stream. After all, beverage containers amount to less than 2% of the province's waste stream overall.

The previous page outlines the amount of designated packaging and printed material recycled by MPSC-funded municipal recycling programs, but it does not show how much recycling activity is taking place overall in Manitoba. A great deal of recycling activity takes place outside of residential programs, including material which is recycled by Manitoba businesses, schools, consumers and organizations directly to recycling brokers as part of fundraising activities.

MPSC's Commercial Recycling Survey, conducted for the MPSC by Arthur Andersen, LLP, works with Manitoba's recycling sector to measure the amount of designated materials recycled outside of municipal recycling programs. (see p 24 for more information)

Looking Ahead to 2001-2002

The recently distributed Draft Business Plan 2001-2004 entitled "Evolving the MPSC Model" outlines the proposed direction of MPSC's municipal programs. Our priorities for the coming year are:

1. Increase the scope of the annual cost monitoring study to all participating municipalities. Representatives of the Association of Manitoba Municipalities (AMM) and Manitoba Municipal Administrators Association (MMAA) will be included on the review team to prepare recommendations to MPSC's Board regarding municipal funding rates for 2002.

2. The Board of the MPSC has voted to add #5 and #7 plastic containers as OPTIONAL materials eligible for MPSC funding. We will be revising the municipal reporting and information management framework to handle the change.

3. Continued effort will be made to developing the technical support services offered by the MPSC to participating municipalities.

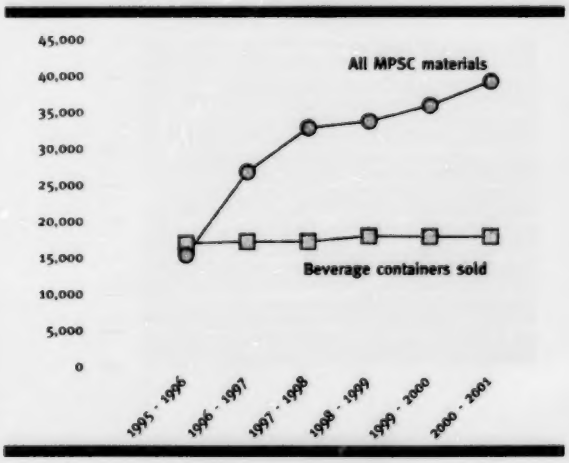
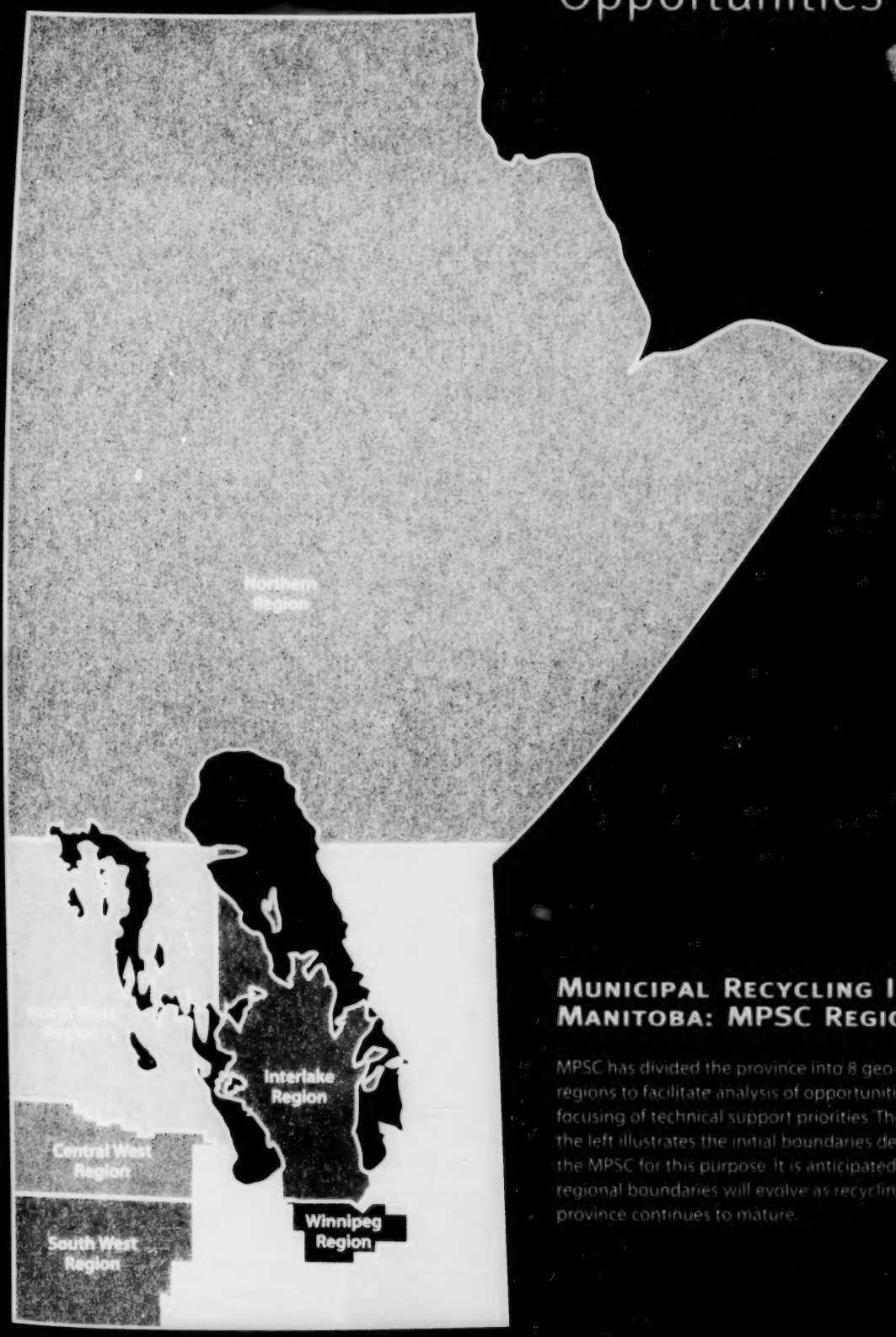


Chart 5 — Recovery of MPSC Eligible Materials & Beverage Containers Sold

Annual Recovery of MPSC-Eligible Materials (Tonnes)

Annual Beverage Container Sales (Tonnes)

Expand Recycling Opportunities



Municipal Recycling In Manitoba: MPSC Regions

MPSC has divided the province into 8 geo-political regions to facilitate analysis of opportunities and focusing of technical support priorities. The map on the left illustrates the initial boundaries defined by the MPSC for this purpose. It is anticipated that the regional boundaries will evolve as recycling in the province continues to mature.

Municipal Recycling in Manitoba: Regional Summary

The tables below outline the status of recycling programs in various regions of Manitoba.

Central West Region

Total Population in Participating Municipalities: 23,928 (82% of total in region)
Total metric tonnes recycled: 809 (34 kgs per capita)

Participating Municipalities:

Binscarth, Village
Birtle, R.M.
Birtle, Town
Blanshard, R.M.
Clanwilliam, R.M.
Ellice, R.M.
Erickson, Village
Hamiota, Town
Harrison, R.M.
Lansdowne, R.M.
McCreary, R.M.
McCreary, Village
Miniota, R.M.
Minnedosa, Town
Minto, R.M.
Neepawa, Town
Odanah, R.M.
Park, R.M.
Rapid City, Town
Riding Mountain National Park
Rossburn, R.M.
Rossburn, Town
Russell, R.M.
Russell, Town
Sagkeeng First Nation
Shoal Lake, R.M.
Shoal Lake, Town
St. Lazare, Village
Strathclair, R.M.

Interlake Region

Total Population in Participating Municipalities: 56,194 (99% of total in region)
Total metric tonnes recycled: 1,370 (24 kgs per capita)

Participating Municipalities:

Arborg, Town
Armstrong, R.M.
Bifrost, R.M.
Coldwell, R.M.
Eriksdale, R.M.
Fisher, R.M.
Gimli, R.M.
Gimli, Town
Grahamdale, R.M.
Peguis First Nation
Riverton, Village
Rockwood, R.M.
Selkirk, City
Siglunes, R.M.
St. Andrews, R.M
St. Laurent, R.M.
Stonewall, Town
Teulon, Town
Winnipeg Beach, Town
Woodlands, R.M.

Northern Region

Total Population in Participating Municipalities: 34,179 (93% of total in region)
Total metric tonnes recycled: 825 (24 kgs per capita)

Participating Municipalities:

Churchill, Town
Flin Flon, City
Gilliam, Town
Grand Rapids, Town
Kelsey, R.M.
Leaf Rapids, Town
Opaskwayak Cree Nation
The Pas, Town
Thompson, City

Winnipeg Region

Total Population in Participating Municipalities: 666,268 (100% of total in region)
Total metric tonnes recycled: 26,899 (40 kgs per capita)

Participating Municipalities:

Cartier, R.M.
East St. Paul, R.M.
Headingley, R.M.
MacDonald, R.M.
Ritchot, R.M.
Rosser, R.M.
Springfield, R.M.
St. Francois-Xavier, R.M.
Tache, R.M.
West St. Paul, R.M.
Winnipeg, City

North West Region

Total Population in Participating Municipalities: 28,076 (72% of total in region)
Total metric tonnes recycled: 766 (27 kgs per capita)

Participating Municipalities:

Bowsman, Village
Benito, Village
Dauphin, City
Dauphin, R.M.
Gilbert Plains, Village
Grandview, R.M.
Grandview, Town
Lawrence, R.M.
Minitonas, Town
Mountain, R.M.
Roblin, Town
Ste Rose du Lac, Town
Swan River, R.M.
Swan River, Town
Winnipegosis, Village

Pinawa Recycling Centre

South Central Region

Total Population in Participating Municipalities: 79,332 (94% of total in region)
Total metric tonnes recycled: 3,774 (48 kgs per capita)

Participating Municipalities:

Altona, Town
Argyle, R.M.
Carman, Town
Cartwright, Village
Crystal City, Village
Dufferin, R.M.
Emerson, Town
Gladstone, Town
Gretna, Town
Grey, R.M.
Lakeview, R.M.
Lorne, R.M.
Louise, R.M.
MacGregor, Village
Manitou, Village
Montcalm, R.M.
Morden, Town
Morris, Town
North Norfolk, R.M.
Notre Dame de Lourdes, Village
Pembina, R.M.
Pilot Mound, Village
Plum Coulee, Village
Portage la Prairie, R.M.
Portage la Prairie, City
Rhineland
Roblin, R.M.
Roland, R.M.
Somerset, Village
South Norfolk, R.M.
St. Claude, Village
Stanley, R.M.
Thompson, R.M.
Treherne, Village
Victoria, R.M.
Winkler

East Region

Total Population in Participating Municipalities: 61,661 (97% of total in region)
Total metric tonnes recycled: 2,499 (41 kgs per capita)

Participating Municipalities:

Alexander, R.M.
Beausejour, Town
Berens River First Nation
Brokenhead, R.M.
De Salaberry, R.M.
Franklin, R.M.
Hanover, R.M.
La Broquerie, R.M.
Lac Du Bonnet, R.M.
Lac Du Bonnet, Town
Niverville, Town
Pinawa, L.G.D.
Pine Falls, Town
Powerview, Village
Reynolds, R.M.
St. Clements, R.M.
St. Pierre-Jolys, R.M.
Ste. Anne, R.M.
Ste. Anne, Town
Steinbach, City
Stuartburn, R.M.
Victoria Beach, R.M.
Whitemouth, R.M.
Whiteshell Park

Flin Flon Recycling Centre

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South West Region

Total Population in Participating Municipalities: 73,292 (90% of total in region)
Total metric tonnes recycled: 1,885 (26 kgs per capita)

Participating Municipalities:

Arthur, R.M.
Boissevain, Town
Brandon, City
Cameron, R.M.
Carberry, Town
Cornwallis, R.M.
Deloraine, Town
Elkhorn, Village
Elton, R.M.
Glenboro, Village
Glenwood, R.M.
Hartney, Town
Killarney, Town
Melita, Town
Morton, R.M.
North Cypress, R.M.
Oak Lake, Town
Oakland, R.M.
Rivers, Town
Sifton, R.M.
Souris, Town
South Cypress, R.M.
Strathcona, R.M.
Turtle Mountain, R.M.
Virden, Town
Wallace, R.M.
Wawanesa, Village
Whitewater, R.M.
Woodworth, R.M.

LOOKING AHEAD 2001-2002

The expansion of local recycling services across Manitoba's municipalities has continued steadily since the inception of the MPSC. The existence of comprehensive multi-material recycling opportunities for over 90% of Manitobans within their own community should be viewed as a tremendous accomplishment for the province, especially given Manitoba's settlement patterns.

In continuing the reach for expanding community recycling opportunities even further, we will now concentrate our efforts towards:

- Ensuring that existing programs remain participants
- Encouraging First Nations and Northern Affairs communities to take advantage of the services and support that MPSC provides for establishing and operating local recycling programs
- Encouraging the establishment of local recycling programs in regions where participation and recovery rates are below the norm
- Working with individual communities to expand existing local recycling services to their full potential

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Increase Participation in MPSC Youth and School Programs

"This is an excellent program to promote recycling in the younger generation. They take the idea home to their families...this makes the whole community aware that they can do something for the environment."
Waywayseecappo Community School, Waywayseecappo, MB

STAR Program

MPSC school programs continue to develop, and P & E activities in this area are continually re-evaluated to ensure young Manitobans are receiving MPSC's best efforts. Through the STAR Program, a growing number of schools receive funding and technical support each year. Last year school registrations increased by 11%, or 69 schools. This increase can be attributed to improved communication with both registered and non-registered schools. (See "Increase Communication with All Stakeholders" Section.) This increase, in addition to enhanced support programs as described below, ensures that STAR schools have access to a wide variety of hands-on environmental education to offer their students.

The STAR Poster Contest was successfully run for a second year. Over 1,500 Manitoba K-Sr. 4 students created posters at the classroom level, with 170 being submitted to MPSC for final judging. Judges were Joe Grande of Grandesign, Mary Melnychuk of the Environmental Speakers Bureau, and Maureen Krauss of Fort Whyte Centre. Winners received personalized t-shirts, framed posters, lunchbags, badges and stickers. All participating schools received a certificate. In addition to being displayed on www.virtual-recycling.com, the winning entries were made into a 10-month school calendar that was distributed to all schools in September of 2000.

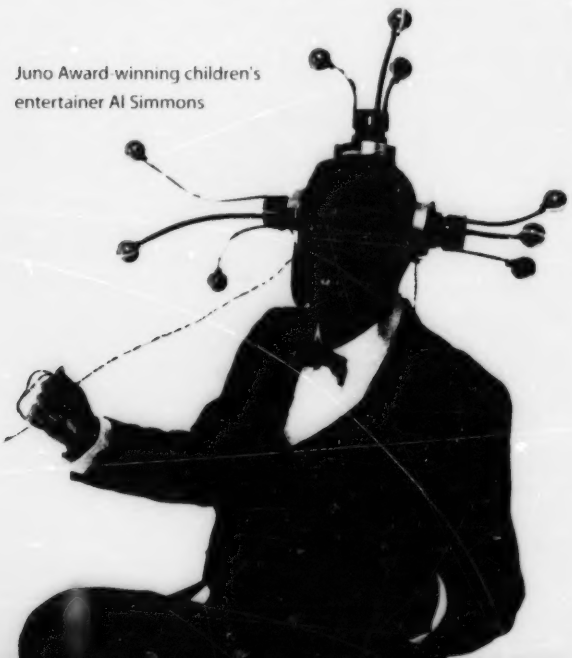
STAR Program Partners

Several initiatives with other organizations have ensured that STAR Program activities are supplemented in schools to enhance environmental learning experience:

- New for 2000 was an agreement with renowned children's entertainer Al Simmons. STAR schools were offered a 40% discount on Al Simmons' school show "Sounds Crazy". This energetic and entertaining show focuses on reusing old items, or junk that might otherwise end up in a landfill, to make musical instruments. MPSC offered this discount to a maximum of 75 schools and all shows were booked well in advance.

- Winnipeg teachers can call the Environmental Speakers Bureau (ESB) of Resource Conservation Manitoba to arrange a classroom visit by a trained presenter on recycling or other resource issues. MPSC's continued partnership with the ESB saw a 100% increase in the number of bookings for school presentations in 2000/2001. Presentations entitled Tracking the Blue Box, My Life as a Can, Paper Chase, and Plastic Is Forever continue to be in great demand for elementary students. The service is free to Winnipeg schools. The ESB also produced a Rural Kit for teachers not in the capital region, and it has been in great demand as a classroom tool.

- While high school students are often difficult to engage, the Manitoba Envirothon provides a forum that attracts senior students with environmental interests. MPSC offered funding and technical support to this Olympic-style environmental competition in May, 2000.



Juno Award-winning children's entertainer Al Simmons

2000/2001 STAR PROGRAM

# of schools registered	–	674
% of schools registered	–	76%
Funding distributed	–	$337,000.00

The STAR Program enables our school to perform a very valuable environmental service as well as a very beneficial learning experience for our students.
New Haven School, Warren, MB

STAR Plus Program

2000/2001 was another successful year for the STAR Plus Program. Several participants completed detailed waste audits and financial analysis and re-examined their current waste management contracts and practices.

Students are now a critical part of the success of the STAR Plus Program. Several post-secondary institutions have integrated various components of the STAR Plus Program directly into their curriculum. Student feedback and participation is one of the goals of the program. The MPSC is very excited and grateful that students have an opportunity to actively learn and to provide us with useful and meaningful data.

The specific objectives of the STAR Plus Program are to:

- Decrease the amount of MPSC designated materials going to landfill; and

- Reduce the expense post-secondary educational institutions currently incur for removal and disposal of MPSC designated materials; and

- Provide the MPSC with measurable feedback about the results and costs of recycling and waste reduction activities at post-secondary institutions in Manitoba; and

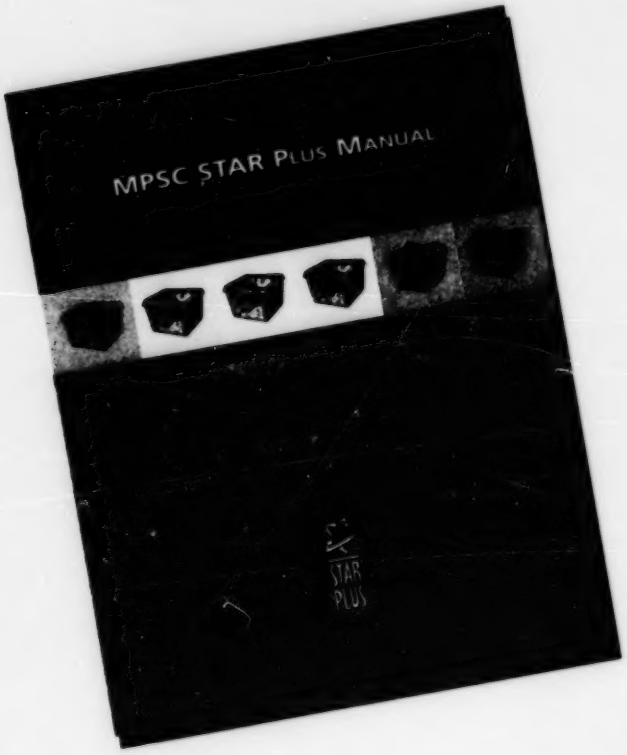
- Create a learning opportunity for students, faculty and staff through active learning and participation.

"Having Al Simmons available through your program, to do a show was incredible – it was a fantastic day for everyone. The information that you sent was also very good – as a first time recycling leader, I found it helpful."
Stevenson Britannia School, Winnipeg, MB

The MPSC is pleased to recognize the following post-secondary educational institutions that participate in the STAR Plus Program:

- Assiniboine Community College, Brandon and Dauphin, MB
- Brandon University, Brandon, MB
- College Universitaire de St. Boniface, Winnipeg, MB
- Keewatin Community College, The Pas and Thompson, MB
- Red River College, Winnipeg, MB
- University of Manitoba, Winnipeg, MB
- University of Winnipeg, Winnipeg, MB

This year's STAR Plus workshop focused on how to recycle as opposed to why to recycle. Brandon University, Red River College, the University of Manitoba and the University of Winnipeg provided overviews of their recycling programs and progress to date. The MPSC would like to thank the University of Manitoba for providing a tour of their recycling program and hosting this year's workshop.



Looking Ahead

The 2001/2002 STAR Program year will see;

1. Continued partnership with the Environmental Speakers Bureau
2. Renewed agreement with children's entertainer Al Simmons
3. Continued support of Manitoba Envirothon
4. The 3rd Annual STAR Poster Contest
5. Updating of the STAR Handbook and other support materials
6. Continued recruitment of new schools

The STAR Plus Program continues to mature and help the MPSC to better understand non-residential recycling. Specifically, the STAR Plus Program will work with post-secondary educational institutions to document best practices for:

- Collection
- Promotion and education
- Recycling and waste management contracts
- Conducting waste audits

Students, faculty and staff at post-secondary institutions in Manitoba continue to make significant contributions to the STAR Plus Program. Nurturing this critical involvement will remain one of the key STAR Plus goals.

"An excellent program that is critical to involving students in environmental action."
Margaret Barbour Collegiate, The Pas, MB

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Design and Supply Promotion and Education Materials

MPSC's Promotion and Education programs took great strides during the 2000 fiscal year. The development of custom-made materials, in addition to strategic additions to our supply of generic P & E tools, resulted in a comprehensive menu of options for communities aiming to increase communication with their residents.

Custom Materials – Decals, Inserts and Magnets

For the first time, municipalities were given the opportunity to order high quality, customized P & E materials with their own community information highlighted on decals, envelope inserts, and fridge magnets. These materials were developed to assist local recycling programs in "getting the information out" to their residents, and in turn increase recycling participation. For some communities, these items were a complement to already effective local P & E programs, and for others, they will represent the majority of local P & E that will be done for the year.

Custom Materials	Decals	Inserts	Magnets
# of communities	102	107	109
# of items	306,300	130,150	433,250

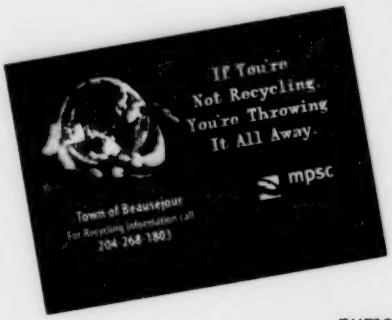
The production of these items was staggered throughout the year to ensure communities were given the best opportunities to distribute them. The idea behind the custom items is that residents need 3 things to help them to participate in their recycling program - a prompt, a detailed information piece, and a thank you item.

The decals provide a quick "prompt" at the point of action whereby residents may check the list of eligible materials to ensure they are recycling properly. These were widely distributed to households throughout Manitoba through mailouts, at community events, and in some cases sent home with school students.

The envelope inserts contain a large amount of detailed community recycling information, along with other relevant waste management information. Not surprisingly, the inserts provided the greatest challenge to MPSC staff. Initial

coordination of information and a series of several proofs, in various stages of development, helped to ensure a high quality, accurate end product. Ideally, these have been distributed through the mailout of utility or tax notices.

The fridge magnets again provide basic information - the municipality name and contact number, along with the popular "If You're Not Recycling, You're Throwing It All Away" slogan and image. They make an ideal small gift for communities wishing to thank their residents for participating, and also serve the purpose of holding the insert on the fridge!



The custom designed materials were an ambitious project for the MPSC. The end result is that communities now have a series of effective tools that can stand on their own or enhance community designed P & E materials.

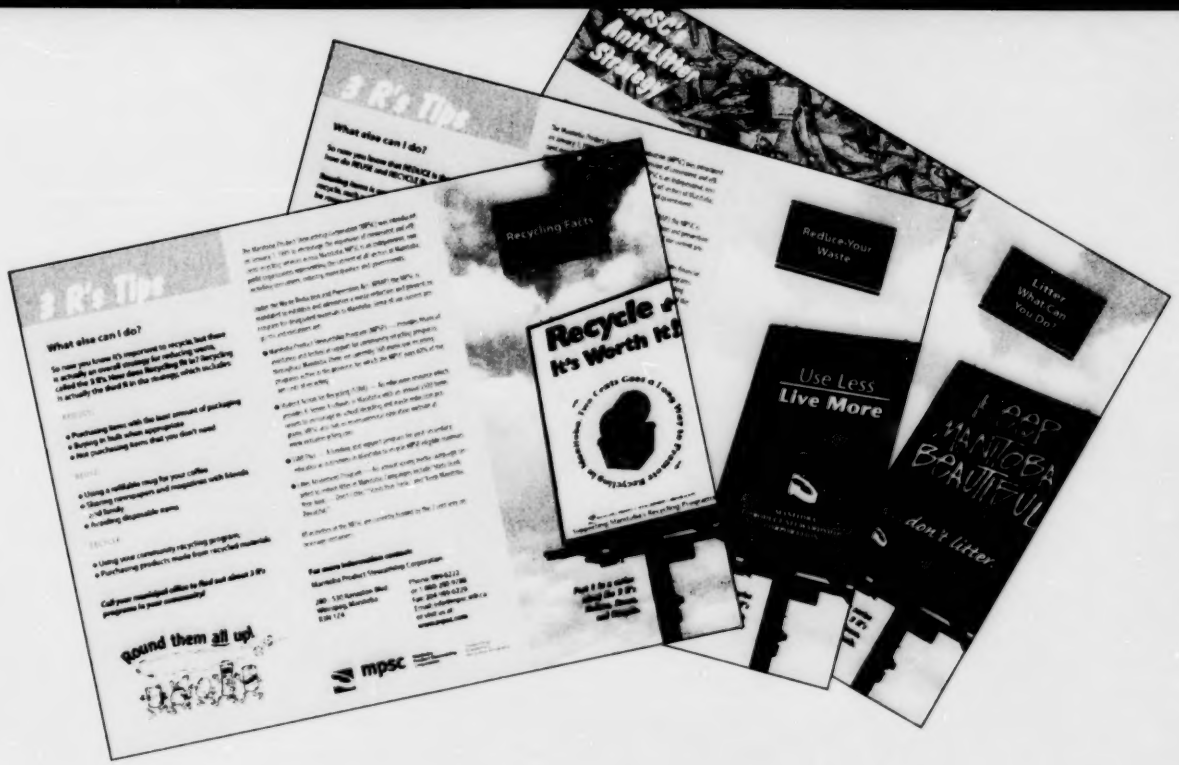
Generic Materials

In addition to creating the custom made items for communities, MPSC added a number of important pieces to our menu of generic tools. These include a series of 5 material fact sheets that have been very well received by municipal recycling programs. These fact sheets, on glass, steel, aluminum, newspaper, and PET plastic, provide a variety of information on the material, where it comes from, how it is recycled, and why it should be recycled. These fact sheets come in handy for municipal recycling representatives requiring background information on materials recycled in their program. They also serve as a useful media tool.

A third brochure in our series was also created, entitled "Litter - What Can You Do". Previously designed brochures are "Reducing Waste in Manitoba" and "Recycling Facts". The brochures are in great demand and make excellent handouts at community events.

Rounding off the menu of tools are numerous posters that municipalities are encouraged to put in high traffic areas of their community. Ranging from "If You're Not Recycling, You're Throwing It All Away" to "Stash Your Trash - Don't Litter", posters continue to be a mainstay in many community P & E programs.

In addition, MPSC continues to expand and update its two Recycled Products Displays and Video Library. These items



may be borrowed by communities or schools for up to 2 weeks at a time and are beneficial during presentations and displays.

P & E Planning Session

A new event took place on March 15, 2001, in the form of a P & E Planning Session. All municipal recycling representatives were invited to express interest in attending, with 12 participants drawn randomly. The purpose of the session was to obtain in-depth feedback and suggestions from users of MPSC's P & E tools. Participants were shown each item in the menu of tools and invited to comment on the usefulness of the item in community P & E programs. Other components of the day included group exercises and brainstorming new ideas for future P & E activities and projects.

The material gathered from this session will be invaluable to MPSC staff in planning future P & E tools and activities.

We sincerely thank those who participated in the P & E Planning Session. They were:

Randy Sigurdson	*Town of Arborg*
Val Irving	*Town of Beausejour*
Grant Baker	*R.M. of Cartier*
Lorraine Mabon	*R.M. of Lorne*
Del Lambert	*R.M. of Mountain*
Wally Melnyk	*Town of Russell*
Randy Borsa	*City of Selkirk*
Debbi Hruda	*R.M. of Springfield*
Randy Reimer	*City of Steinbach*
Brian Ryall	*R.M. of Strathclair*

Looking Ahead

MPSC has designed a year-long P & E challenge for all municipalities in the province. Based on goal setting, the Promotion & Education Plan for 2001-2002 is designed to increase the recovery of eligible materials. The objectives of the plan are:

- To drive the amount of eligible tonnes collected in community recycling programs
- To raise the profile of community recycling programs
- To help municipal recycling programs achieve measurable results through increased P & E activity
- To implement feedback from the Planning Session and a P & E survey into P & E strategies.

Each participating community will be expected to set a one-year recycling goal. MPSC will assist communities by customizing a year-long P & E plan for each, distributing regular information/support materials, and communicating updates to local media (see Increase Communication with All Stakeholders).

Another P & E Planning Session will take place in spring of 2002, to formulate a P & E plan for the 2002/2003 fiscal year.

Provide Increased Technical Services to Municipalities and Other Stakeholders

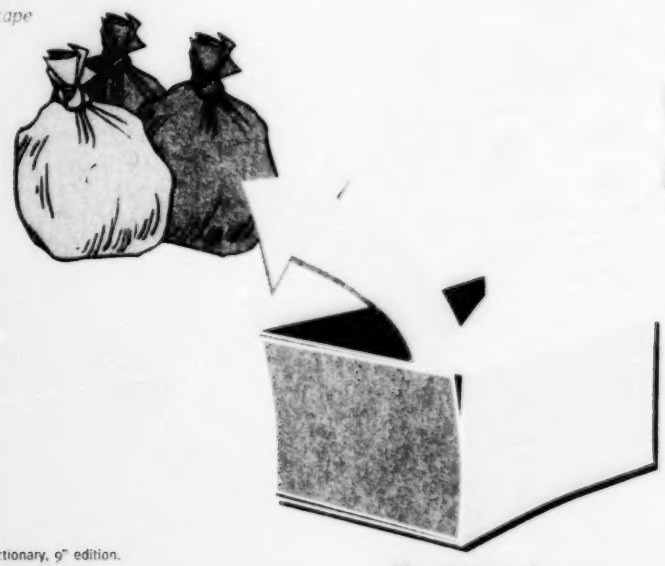
Manitoba's recycling programs have come a long way, thanks to support and participation of residents, elected officials, volunteers, the recycling industry and many more visionaries. Key recycling stakeholders in Manitoba have long known that recyclable materials are a valuable resource that are in fact not garbage in the true sense of the definition. As landfills close, municipalities are forced to examine their waste management options. Many find that they have been burying items of value. Yes, value in the true monetary sense but also value in terms of conserving the environment, creating meaningful employment for people with disabilities, lowering the local cost of waste management and creating economic activity where previously none existed. This is not rocket science - it is a mindset that with research, public education and basic financial analysis can come to reality. A case in point is the recycling program that the Town of the Pas, the Opaskwayak First Nation and the RM of Kelsey have agreed to launch together. After community consultation, development of a business plan and public outreach, the recycling program will become a reality this summer. These three communities recognized that they generate a resource, which their community can turn into something of value by simply changing the way they look at the bags of *"garbage"* sitting on the curb each week.

Value is not unlike beauty when it comes to recyclables; it is all in the eye of the beholder.

DAVID CRAWFORD
Market and Technical Services Manager

Garbage[1]

"materials that have been discarded or allowed to escape as useless."



Value[2]

"utility of a thing or the amount of money for which a thing can be exchanged"

Resource[3]
(Household Recyclables)

"a stock or supply that can be drawn on, or available asset."

[1] Concise Oxford Dictionary, 9th edition. Oxford: Clarendon Press. Pg 1172.
[2] Rathje, William, Encyclopedia of Garbage. New York: Facts on File, 1996. Pg 96.
[3] Concise Oxford Dictionary, 9th edition. Oxford: Clarendon Press. Pg 1548.

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Direct Municipal Technical Assistance

On-site technical visits were conducted in the communities of Brandon, Churchill, Dauphin, Gimli, Killarney, MacGregor, Opaskwayak First Nation, Peguis First Nation, Thompson, The Pas, RM of Kelsey, RM of St. Andrews, RM of St. Laurent, RM of Whitemouth and Steinbach.

The MPSC marketing and technical support is comprised of several key services:

- Marketing Support: The MPSC collects and maintains a comprehensive list of available recycling markets. Municipalities and recycling agents can request assistance with evaluating the best net revenue for their recyclables. The MPSC monitors market revenues for all MPSC eligible materials on a monthly basis.

- Collection and Processing Evaluation: On an as-needed basis, the MPSC will evaluate current collection and processing options for municipalities and/or their service providers, and make suggestions for municipalities to consider.

- On-Site Evaluations: As required the MPSC will make technical and site visits to municipalities and their processors. These evaluations and subsequent follow-ups are designed to help municipalities that are striving to improve and/or wish to make substantial changes to their recycling programs.

- Cost Analysis: Several municipalities have requested information about cost analysis. The MPSC will not perform full-cost accounting analysis for municipalities. Rather, we will provide educational materials and case studies and help to explore potential collection, processing, marketing, and transportation and promotion opportunities which may be utilized to analyze options and costs.

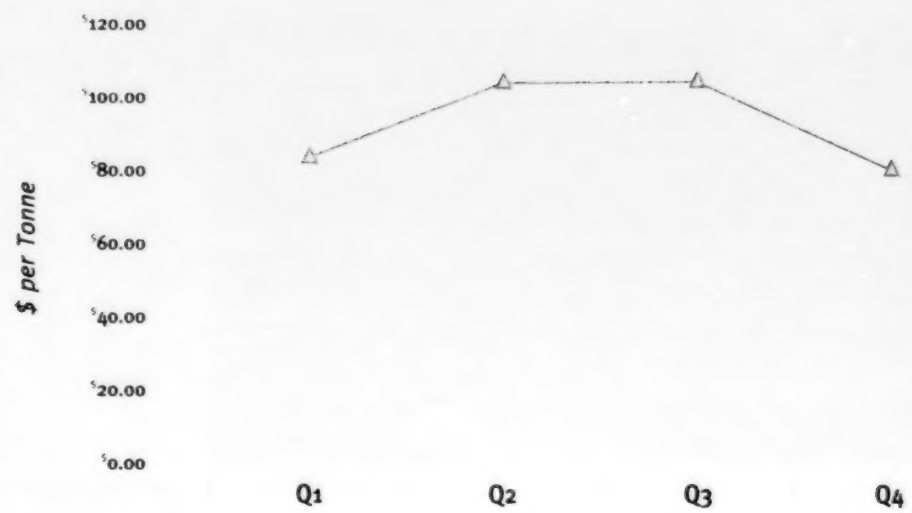
- Transportation Resources: The MPSC actively encourages municipalities and service providers to utilize proper shipping techniques and practices. This includes the use of backhaul opportunities to reduce shipping costs. The MPSC maintains a list of potential carriers for municipalities to consult with.

The MPSC acts as a resource for recycling stakeholders. Consistent with the voluntary nature of the MPSC, municipalities ultimately decide the best course of action for their communities.

Revenue Monitoring

The MPSC once again monitored the revenues generated by recycling programs on a monthly basis. The first half of the past year, recycling revenues were very strong. Particularly, the prices for aluminium cans, old newspapers, cardboard, and #1 and #2 plastics were above average. The last half of the past year saw average recycling revenues decline, but still remain robust. The MPSC mandatory material basket of goods continues to remain above $80 per tonne.

Chart 6 — 2000/01 MPSC Mandatory Material Quarterly Revenues



did you know? *Recycling takes about 2 minutes a day, and it's worth it! Find out more about where your 2¢ environmental levy goes.*

www.mpsc.com

mpsc

THE MPSC MANDATORY MATERIALS ARE:

Newspapers and Flyers
Aluminum Cans
Steel Cans
Glass Containers
#1 PET Plastic

OPTIONAL MATERIALS:

Telephone Directories
Magazines and Catalogues
Boxboard
Residential Corrugated Cardboard
HDPE #2 Plastic Containers
Gable Top Containers
Aseptic Containers

Second Annual Commercial Recycling Survey

The MPSC commissioned the accounting firm Arthur Andersen LLP, an independent third party, to survey and collect information about the recycling level of MPSC eligible materials in the industrial, commercial and institutional (ICI) sectors in Manitoba, as well as the number of people employed to collect, process and recycle these materials. Companies which collect and process recyclables from the ICI sector were asked to voluntarily report data. The results are again worthy of recognition.

2000 ICI Recycling Survey Results

66,947 tonnes per year

This includes cardboard, boxboard, newspaper, magazines, all pre- and post-consumer paper grades, glass, aluminum, PET, HDPE, LDPE and household steel containers.

It is interesting to note that the 1999 and 2000 ICI recycling results are almost identical. There are some new participants in this year's survey and some that reported in 1999 but not in 2000. The reported amount of 66,947 tonnes should be viewed as a conservative measurement of the level of ICI recycling of MPSC designated materials.

The MPSC thanks all of the survey participants for their cooperation.

Voluntary Participation:

There were 11 new participants in this year's survey. At the time of printing there were 6 outstanding responses from previous participants. Please contact the MPSC for the most up-to-date version of the ICI Recycling Survey.

Regional Meetings

In response to requests, the MPSC organized and hosted regional meetings. Local challenges and opportunities were the focus of these meetings. Interaction and case studies were used extensively in the meetings in order to make them as practical as possible. Many of the participants learned something new from other participants. The MPSC feels that regional interaction and communication will help to develop *"home-made"* solutions to Manitoba's recycling challenges.

Topics covered included:

- Promotion and education
- Revenue maximization
- Collection options
- Markets

2000/2001 Regional Meeting locations:

- Dauphin
- Killarney
- Neepawa

Annual Workshops

Once again the MPSC held its annual workshops in the fall of 2000. For the first time, attendees were split into two groups from large and small communities for the technical sessions. These two groups were presented with the same information. However it was tailored to meet their respective concerns and issues.

A session about the 2001–2004 MPSC Business Plan was included as part of the annual workshop. Valuable comments and feedback were received from MPSC's stakeholders at this session.

The Manitoba Tire Stewardship Board, the Manitoba Association for Resource Recovery (Used Oil) and the Manitoba Ozone Protection Industry Association participated as guests at the MPSC annual workshop. The MPSC would like to thank our sister stewardship organizations for their co-operation.
Topics covered included:

- Understanding and evaluating Integrated Solid Waste Management
- Promotion and education opportunities
- Recycling service contracts

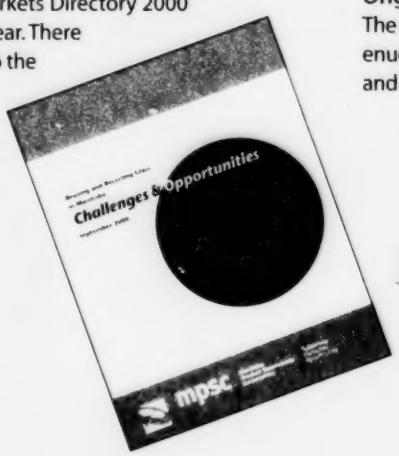
2000/2001 Regional Workshop locations:

- Brandon
- Winnipeg

Technical Publications

A report entitled "Reducing and Reusing Glass in Manitoba" was produced, an updated version of the previous glass report from 1996. Response to the report has been very good, as the report explains a multitude of local end uses for glass collected in community recycling programs.

MPSC's Municipal Handbook continues to be updated as needed. A Recycling Markets Directory 2000 Update was created this year. There were 19 of new additions to the MPSC markets directory.



Looking Ahead

MPSC Technical Support Focus Group

The MPSC is always open to constructive criticism. To help ensure that the MPSC is appropriately responding to its stakeholders the MPSC will invite several stakeholders to participate in a focus group. The purpose of this focus group will be to provide feedback on the MPSC's existing tools and service, to help identify potential improvements and to identify new tools and services.

New Technical Bulletins

As part of our ongoing effort to create relevant educational materials, the MPSC will create the following technical bulletins and distribute them to stakeholders.

- Full-cost accounting
- Integrated solid waste management
- Landfill avoidance cost analysis
- Contracts and tendering

Direct Technical Support

The MPSC will actively work with the following communities and events in order to assist them with their recycling efforts and research:

- Manitoba's Provincial Parks
- Town of Killarney
- The Opaskwayak First Nation, Town of The Pas and the RM of Kelsey
- City of Thompson
- Peguis First Nation
- Winnipeg Folk Festival

Identify New Markets

Recycling markets are dynamic. In order to ensure that Manitobans are aware of all viable recycling markets, the MPSC will endeavour to locate all potential recycling markets within 1,200 kilometres of Manitoba. This information will be published in the 2001 Recycling Markets Update in the fall of 2001.

Ongoing Activities

The MPSC will continue to regularly monitor recycling revenues, provide municipalities with direct technical assistance and hold our annual workshops and regional meetings.

Increase Communications with All Stakeholders

In the wake of increased municipal P & E, province-wide P & E was streamlined slightly last year. Rather than blanket the province with a series of general recycling and waste reduction messages, a more targeted approach was taken to communicate information about various P & E initiatives. In addition, all MPSC publications are made available online for download, reducing paper use and production expenses, and ensuring all stakeholders have a simple way to obtain up-to-date information.

Newsletters and Special Reports

MPSC continues to publish between 2 and 3 Stewardship Circle newsletters each year. These keep stakeholders up to date on current issues and announce special events, and provide MPSC staff with a regular outlet for editorial comments.

A joint publication entitled "Stewardship in Manitoba" was produced with the help of the Tire Stewardship Board, MARRC, and MOPIA. The intent of the report was to allow stakeholders to learn more about all of Manitoba's stewardship programs. This was the first joint project between these programs.

To supplement school recycling programs, a STAR newsletter is published 3 times each year. Each issue focuses on current STAR issues, reminds schools to participate in various STAR initiatives, and highlights other educational programs that are available to schools.

Media Programs

A number of previously notable campaigns were offered to the public once again, in particular the "Use Less/Live More" waste reduction effort. This was displayed on billboards province-wide and in a 30-second television commercial. To supplement the spring anti-litter billboard campaign of "Keep Manitoba Beautiful - Don't Litter", a revised version of this slogan was placed in a series of Manitoba Leisure Guides.

MPSC also began an effort to increase public awareness of our programs through media releases to local media outlets.

www.mpsc.com
MPSC carried out a comprehensive promotional campaign for its corporate website at www.mpsc.com. This included media advertising through radio, busboards, and newspaper. The media coverage contributed to a large increase in the number of users of the site. Regular maintenance and updating of www.mpsc.com ensure all of our stakeholders have current information about the MPSC and recycling in Manitoba, all the time.

www.virtualrecycling.com
Online support for STAR schools has been vastly expanded with an energetic redesign and repurposing of our educational website at www.virtualrecycling.com. New features include a news and events section and a school profiles section. In addition, through sending broadcast email messages, we are now able to communicate reminders and suggestions to the majority of registered schools in a quick, simple, and paperless format.

Community Outreach Activities:

The MPSC participated in the following events as guest speakers and or tradeshow participants:

- Association of Manitoba Municipalities conferences and tradeshows
- Manitoba Municipal Administrators Association annual meeting
- Northern Association of Community Councils annual meeting
- Winnipeg Folk Festival: Green Event Management Training Seminar
- Sustainable Development Workshop at the University of Winnipeg
- Centre for Indigenous Environmental Resources: Guest Lecturer
- RCM/MARR Bi-Annual Conference

Looking Ahead

Communication with stakeholders will continue to be a high priority in 2001/2002:

1. MPSC will make major announcements using media releases whenever possible
2. A 12-page feature in "Manitoba Business" magazine will be available as a stand-alone piece for distribution at meetings and workshops
3. www.mpsc.com will have an updated home page look, improving navigation and ease of use
4. Both www.mpsc.com and www.virtualrecycling.com will be updated regularly
5. Regular Stewardship Circle and STAR newsletters will continue to be distributed to all stakeholders
6. Corporate P & E will be streamlined to ensure the most effective messages are communicated.

Continually Refine Efficient Collection of WRAP Levies

Current Stewards of Designated Materials

Seventy-nine companies were licensed with the MPSC as Product Stewards to supply beverage containers in Manitoba during the 2000-2001 Program Year. The number of companies licensed as Product Stewards is up from the seventy-four the previous year.

During the 2001-program year, the MPSC received approximately $6.8 M in 2¢ WRAP Levy remittances generated by the 2¢ Levy on non-deposit, ready-to-serve beverage containers. This is a slight increase in comparison to the previous program year, around 3%. (Figures are based on numbers before accrual for late reporting of levies and provisions under the MPSC Credit Program.)

WRAP Levy Credit Program

The Credit Program area of the MPSC is a mechanism whereby Licensed Product Stewards may apply for reimbursement of WRAP Levies for such things as Out of Province sales of applicable materials, double remittance on applicable materials, over remittances and so on.

Just over $168,000 was paid out to the six companies which qualified for credits during the 2001 program year. This amount is around half of the credit amounts issued, as compared to the 2000 program year. This large decrease is mainly attributable to two large credits which were issued during the 2000 MPSC program year and actually represents a normal historical amount for the credit program based on yearly averages ($180,000). (Figures are based on numbers before accrual for late reporting of levies and provisions under the MPSC Credit Program.)

2001 Steward Program Activities

The major focus of Steward Program activities involved the production of the 2001-2004 "Evolving the MPSC Model" Business Plan.

Compliance Review procedures, as part of the compliance/enforcement area of the Stewards Program, are performed on a rotating schedule and may take the form of desk, field, or forensic review. All compliance review procedures are performed by an independent, third-party organization to maintain confidentiality of sensitive sales information. The Compliance Review program area progressed with the review of 18 Product Stewards during the 2001 program year. By all accounts there were no instances of non-compliance discovered during these procedures.

Besides the compliance reviews, periodic in-store monitoring is conducted to ensure that the applicable materials are properly registered by the MPSC.

M121

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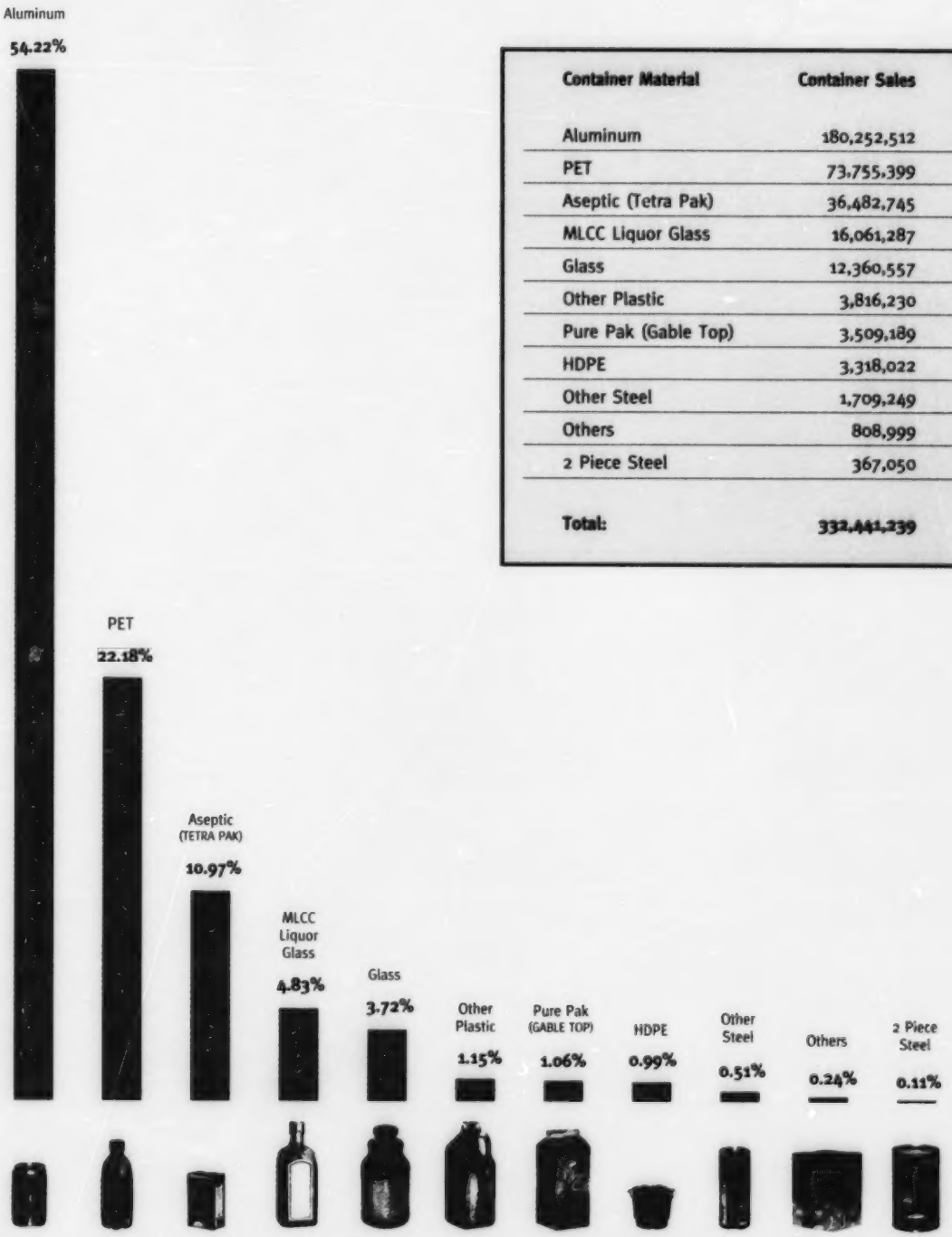
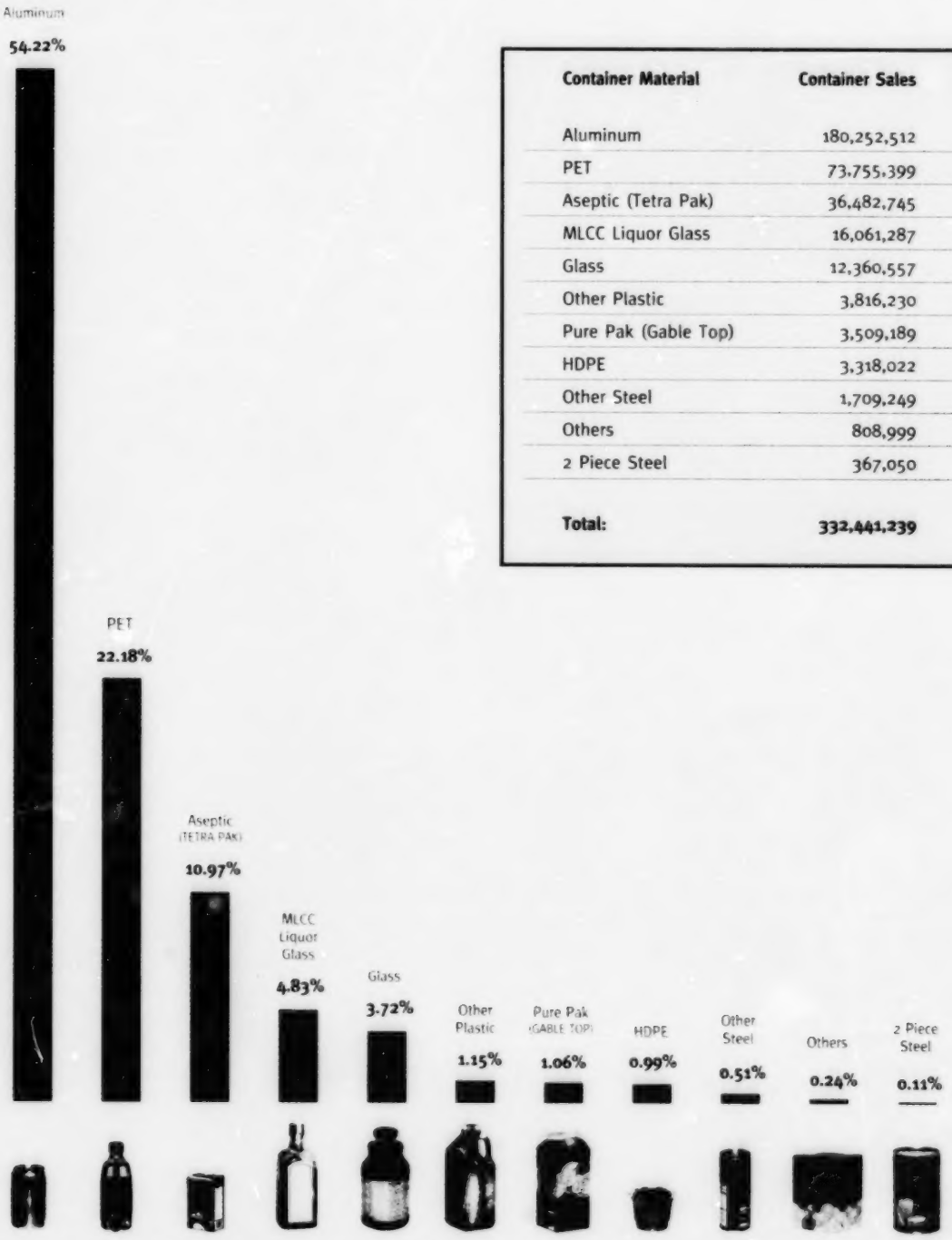
Chart 7 — Container Sales (2000-2001 Fiscal Yr.)



Container Material	Container Sales
Aluminum	180,252,512
PET	73,755,399
Aseptic (Tetra Pak)	36,482,745
MLCC Liquor Glass	16,061,287
Glass	12,360,557
Other Plastic	3,816,230
Pure Pak (Gable Top)	3,509,189
HDPE	3,318,022
Other Steel	1,709,249
Others	808,999
2 Piece Steel	367,050
Total:	**332,441,239**

Chart 7 — Container Sales (2000-2001 Fiscal Yr.)



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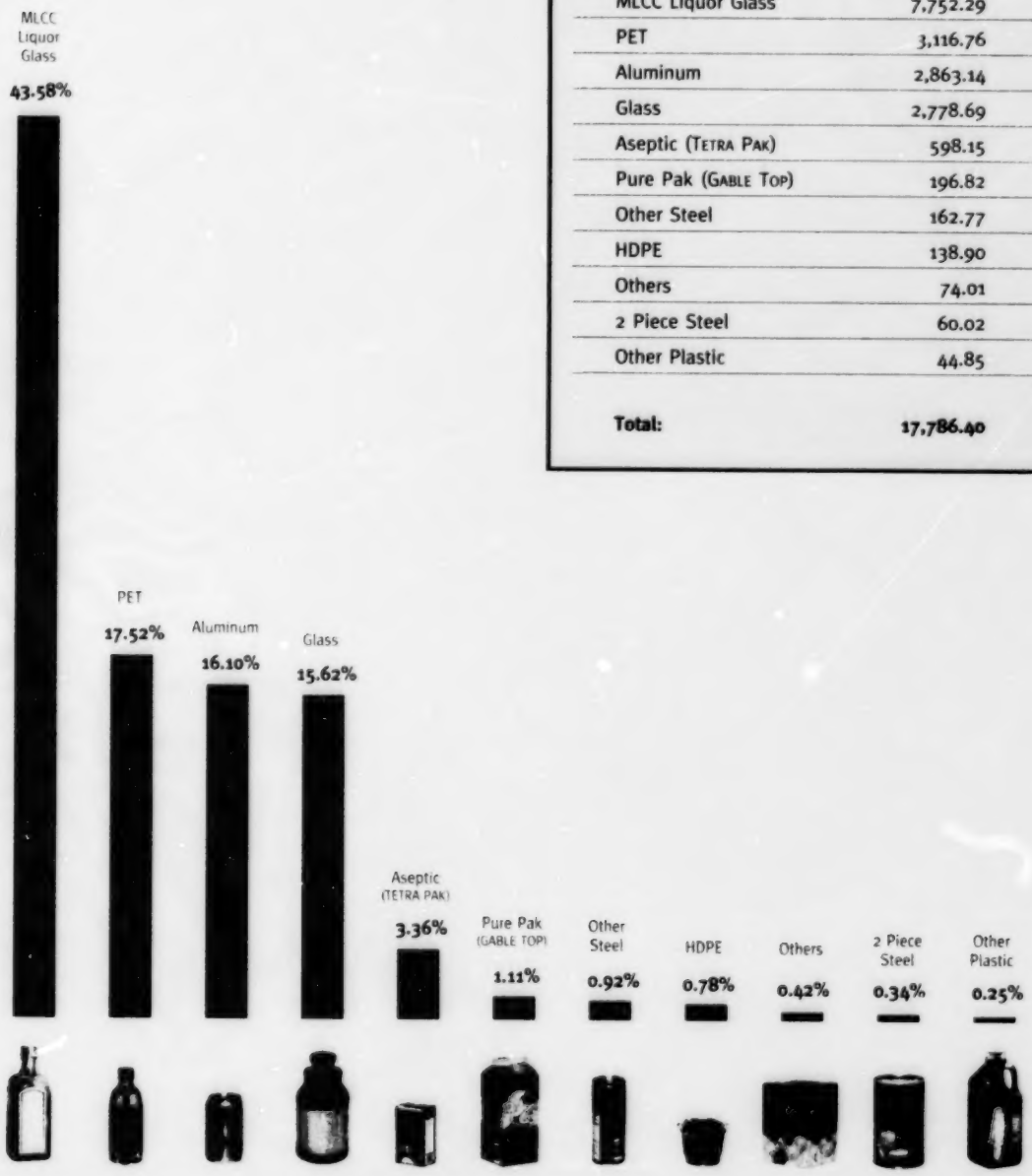
2 Piece Steel	367,050
Total:	**332,441,239**

Chart 8 — Weight of Containers Sold (Metric Tonnes, 2000-2001 Fiscal Yr.)

Container Material	Container Weight
MLCC Liquor Glass	7,752.29
PET	3,116.76
Aluminum	2,863.14
Glass	2,778.69
Aseptic (Tetra Pak)	598.15
Pure Pak (Gable Top)	196.82
Other Steel	162.77
HDPE	138.90
Others	74.01
2 Piece Steel	60.02
Other Plastic	44.85
Total:	**17,786.40**



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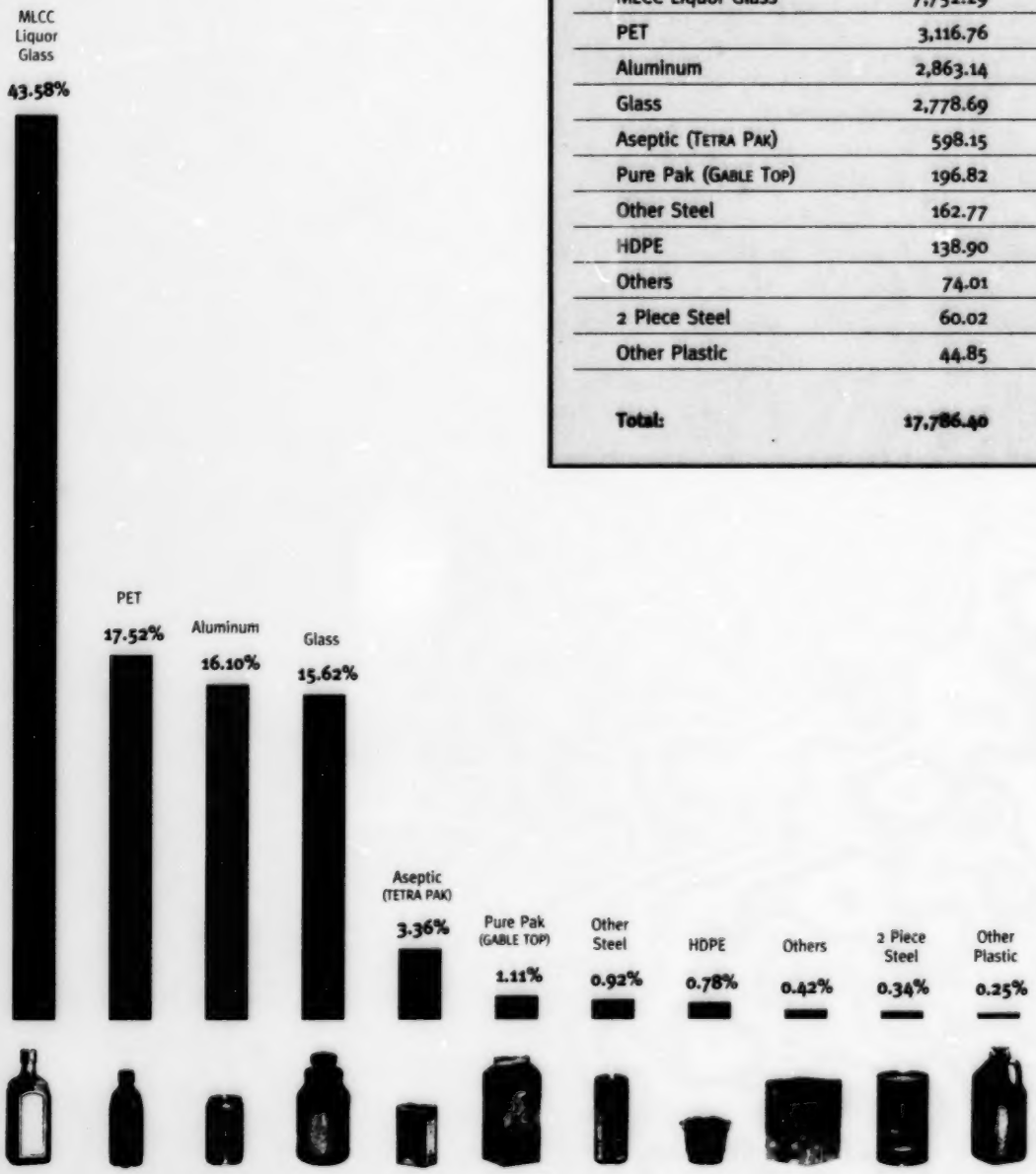
Other Steel	162.77
HDPE	138.90
Others	74.01
2 Piece Steel	60.02
Other Plastic	44.85
Total:	**17,786.40**



Financial Statements

March 31, 2001 and 2000
Together with Auditors' Report

AUDITORS' REPORT

To the Board of Directors of
Manitoba Product Stewardship Corporation,

We have audited the balance sheets of **MANITOBA PRODUCT STEWARDSHIP CORPORATION** as at March 31, 2001 and 2000 and the statements of operations and fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

Winnipeg, Manitoba
May 28, 2001

MANITOBA PRODUCT STEWARDSHIP CORPORATION
BALANCE SHEETS
MARCH 31

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and term deposits (Note 2)	$7,611,504	$7,215,510
Interest receivable	48,443	47,247
Levies receivable	597,050	602,310
PST rebate receivable (Note 3)	-	80,000
Prepaid expenses and deposits	9,302	8,635
	8,266,299	7,953,702
FURNITURE AND EQUIPMENT (Note 4)	44,034	69,876
	$8,310,333	$8,023,578
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$261,627	$192,880
Recycling support payments payable	1,245,771	637,941
Provision for credits on levy revenue	42,914	42,914
	1,550,312	873,735
FUND BALANCE		
Multi-Material WRAP Fund	6,760,021	7,149,843
	$8,310,333	$8,023,578

Approved on behalf of the Board:

Gerald I. Dorge _____ Director

Jane Mackay _____ Director

The accompanying notes are an integral part of these financial statements.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
STATEMENTS OF OPERATIONS AND FUND BALANCE
FOR THE YEARS ENDED MARCH 31

	2001	2000
REVENUE		
Beverage levy revenue	$6,843,592	$6,583,962
Levy rebates	(168,416)	(146,210)
Other levy revenue	-	43,500
PST rebate - Province of Manitoba (Note 3)	(996)	369,376
Interest (Note 2)	415,577	341,727
TOTAL REVENUE	7,089,757	7,192,355
PROGRAM EXPENSES		
MUNICIPAL PROGRAMS		
Recycling Support Payments to municipalities	5,188,520	4,683,581
Municipal support	369,832	202,437
	5,558,352	4,886,018
STEWARD PROGRAMS		
Compliance of WRAP Act	44,673	44,352
SCHOOL EDUCATION		
STAR - school payments	337,000	304,000
STAR Plus Program	123,931	137,364
School education	167,317	126,387
	628,248	567,751
PROGRAM PROMOTION		
Program Promotion/Sponsorship	69,500	83,855
Program advertising	304,741	429,090
Anti-litter campaign	140,954	117,503
Public space recycling	6,338	11,611
ICI Study	10,700	-
MPSC - corporate website	11,354	4,751
	543,587	646,810
PAN AM GAMES	-	69,814
TOTAL PROGRAM EXPENSES	6,774,860	6,214,745

The accompanying notes are an integral part of these financial statements.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
STATEMENTS OF OPERATIONS AND FUND BALANCE (CONTINUED)
FOR THE YEARS ENDED MARCH 31

	2001	2000
ADMINISTRATIVE EXPENSES		
Board members' expenses	6,403	4,936
Board planning seminar	-	15,975
Communication	22,061	23,054
Conference expenses	8,759	12,304
Contract financial management	26,750	35,952
Depreciation	55,169	53,458
Equipment, leasing, repairs and maintenance	30,399	27,988
Insurance	6,482	4,905
Office	90,650	65,805
Professional fees	17,115	15,210
Promotion	3,041	3,647
Rent	42,359	40,042
Salaries, wages and benefits	377,687	340,111
Subscriptions	8,477	10,899
Travel and automotive	9,367	10,994
TOTAL ADMINISTRATIVE EXPENSES	704,719	665,280
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	(389,822)	312,330
FUND BALANCE, beginning of year	7,149,843	6,837,513
FUND BALANCE, end of year	$6,760,021	$7,149,843

The accompanying notes are an integral part of these financial statements.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	$(389,822)	$312,330
Item not affecting cash		
Depreciation	55,169	53,458
	(334,653)	365,788
Net change in non-cash operating assets and liabilities		
Interest receivable	(1,196)	(13,988)
Levies receivable	5,260	(31,179)
PST rebate receivable	80,000	97,946
Prepaid expenses and deposits	(667)	(851)
Accounts payable and accrued liabilities	68,747	(118,718)
Recycling support payments payable	607,830	11,629
Provision for credits on levy revenue	-	(155,586)
	425,321	155,041
INVESTING ACTIVITY		
Purchase of furniture and equipment	(29,327)	(77,587)
INCREASE IN CASH AND TERM DEPOSITS	395,994	77,454
CASH AND TERM DEPOSITS, beginning of year	7,215,510	7,138,056
CASH AND TERM DEPOSITS, end of year	$7,611,504	$7,215,510

The accompanying notes are an integral part of these financial statements.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001 AND 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Manitoba Product Stewardship Corporation ("MPSC") was established under the Waste Reduction and Prevention Act ("WRAP") - Multi-Material Stewardship (Interim Measures) Regulations (the "Regulations") with the following objectives:

a) to establish and administer a waste reduction and prevention program for designated materials for Manitoba;
b) to provide for the effective, efficient and economical management of waste designated materials; and
c) to administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by collection of levies on beverage containers supplied by a steward of beverage containers ("Product Steward") to be consumed in Manitoba. MPSC plans to collect levies on other designated materials in the future.

Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit (excluding dairy) beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies were inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self-assessments as reported by Product Stewards. MPSC records beverage levy revenue net of a provision for estimated credits.

Recycling Support Payments to Municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC. MPSC records a provision for estimated recycling support payments payable to registered municipalities who have not yet filed their recycling reports.

The above-noted provisions have been determined based on the results of MPSC's periodic compliance reviews of Product Stewards as well as management's experience and industry knowledge.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001 AND 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and equipment

Furniture and equipment are recorded at cost less accumulated depreciation. Depreciation is provided for by the following annual rates and methods:

Computer hardware	30%	declining balance
Computer software	100%	straight-line
Furniture and fixtures	20%	declining balance

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND TERM DEPOSITS

Included in cash and term deposits are term deposits recorded at cost, held in trust by the Department of Finance of the Province of Manitoba. The term deposits bear interest at 5.15 to 5.30% (2000 – 5.05 to 5.35%) per annum and mature on April 23, 2001 to May 14, 2001.

3. PST REBATE RECEIVABLE

The Province of Manitoba, through the Department of Environment, provided a grant to MPSC based on the provincial sales tax ("PST") collected by the Province with respect to the WRAP levy on beverage containers. The PST rebate receivable is accrued based on claims filed and an estimated claim for the quarter ended March 31 of the respective year. Effective April 1, 2000, the Province of Manitoba terminated the PST rebate.

4. FURNITURE AND EQUIPMENT

	2001			2000
	Cost	Accumulated Depreciation	Net	Net
Computer hardware	75,570	54,638	20,932	29,439
Computer software	136,963	123,696	13,267	30,798
Furniture and fixtures	21,307	11,472	9,835	9,639
	233,840	189,806	44,034	69,876

5. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases which expire in fiscal 2002 through 2004. Future minimum lease payments required are as follows:

	2001
	$
2002	68,376
2003	21,494
2004	750

6. CONTINGENCY

In 1998, MPSC was named as one of the defendants in a claim filed by Red Box Recycling Inc. relating to alleged losses suffered as a result of the transition from a commercial to a municipal-funded recycling program. An estimate of the amount of the claim is not determinable. Management believes this claim is without merit.

MPSC is Getting Greener!

- ✓ We recycle paper, cardboard, beverage containers and anything else that can be recycled in our office.
- ✓ We even recycle our food waste, using our vermi-composter.
- ✓ We send all ink cartridges back to the supplier so they can be recycled or refilled.
- ✓ Our office stationary is made from "tree-free" paper.
- ✓ We do not use envelopes when sending out newsletters.
- ✓ Our newsletters are printed on 100% recycled paper.
- ✓ Our 1999-2000 annual report was available on CD-ROM, reducing the number of paper copies we printed.
- ✓ We do not use disposable cups, plates or cutlery.
- ✓ One of our employees telecommutes from her home in Portage la Prairie 3 out of 5 days each week.
- ✓ We use "double-sided" copying when making photo-copies in the office.
- ✓ We are sponsors and competitors in RCM's Green Commuter Challenge.
- ✓ All resources such as annual reports, brochures and technical reports can be viewed on our website rather than printing hard copies.
- ✓ Our office paper is made from 30% post-consumer waste.
- ✓ We purchase used office furniture whenever possible.
- ✓ We support employees who cycle, bus, etc. to work whenever possible through flexible hours, casual dress, etc.